

**STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT**

IN THE MATTER OF: DOUGLAS F. KAISER)
_____)

FILE NO. 1200121

NOTICE OF HEARING

TO THE RESPONDENT: Douglas F. Kaiser (CRD#:1674570)
715 Villa Portofino
Deerfield Beach, FL 33442

Douglas F. Kaiser (CRD#:1674570)
C/O Dawson James Securities, Inc.
925 South Federal Highway Suite 600
Boca Raton, FL 33432

Douglas F. Kaiser (CRD#:1674570)
C/O West Park Capital, Inc.
1900 Avenue of The Stars Suite 310
Los Angeles, CA 90067

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") and 14 Ill. Adm. Code 130, Subpart K, a public hearing will be held at 69 West Washington Street, Suite 1220, Chicago, Illinois 60602, on the 18th day of June, 2012 at the hour of 10:00 a.m. or as soon as possible thereafter, before James L. Kopecky Esq., or such other duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether an Order shall be entered denying Douglas F. Kaiser (the "Respondent") registration as a salesperson in the State of Illinois and/or granting such other relief as may be authorized under the Act including but not limited to the imposition of a monetary fine in the maximum amount pursuant to Section 11.E (4) of the Act, payable within ten (10) business days of the entry of the Order.

The grounds for such proposed action are as follows:

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1. That at all relevant times, the Respondent was registered with the Secretary of State as a Salesperson in the State of Illinois pursuant to Section 8 of the Act to the present: On March 17, 2010 West Park Capital filed a U-4 application for registration of the Respondent which was approved by the State of Illinois; and on 3-21-2010 Dawson James filed a U-4 application for registration of the Respondent which was approved by the State of Illinois; these registrations as Salesperson being concurrent each with the other.
2. That on August 7, 2011 FINRA entered Order Accepting Offering Settlement ("Settlement") submitted by the Respondent regarding File No.209061585, which sanctioned the Respondent as follows:
 - a. fined \$3,000
 - b. and a plenary suspension of one year.
3. That the Settlement found:

FINRA RULES 2010, 8210, NASD RULES 2110, 2711(D)(2), 3110(A), 8210:
AS A PRINCIPAL OF A MEMBER FIRM, KAISER ACTED UNETHICALLY IN THAT HE DIRECTED AND FACILITATED THE IMPROPER, DISGUISED AND DECEPTIVE COMMISSION RECAPTURE ARRANGEMENT BETWEEN HIS FIRM AND A CUSTOMER THAT WAS IN EFFECT DURING FEBRUARY 2008 THROUGH DECEMBER 2008, AND CAUSED THE FIRM TO FAIL TO COMPLY WITH THE REQUIREMENT OF NASD RULE 1017. THE COMMISSION RECAPTURE ARRANGEMENT, WHICH REBATED FUNDS TO THE CUSTOMER, WAS NOT IN COMPLIANCE WITH THE FIRM'S MEMBERSHIP AGREEMENT. THE FIRM, ACTING THROUGH KAISER AND ANOTHER PRINCIPAL, CALCULATED AND AUTHORIZED THE PAYMENTS TO THE CUSTOMER FOR THE PURPOSE OF REBATING THE CUSTOMER'S COMMISSIONS. A CONSULTING AGREEMENT BETWEEN THE FIRM AND CUSTOMER WAS PREPARED BY THE FIRM AND EXECUTED ON BEHALF OF THE FIRM BY A FIRM PRINCIPAL. THE CONSULTING AGREEMENT ENABLED PAYMENT TO BE MADE TO THE CUSTOMER IN A MASKED MANNER WHICH WOULD SATISFY THE FUNDS DUE TO THE CUSTOMER UNDER A COMMISSION RECAPTURE ARRANGEMENT BUT AVOID CHANGES IN THE FIRM'S NET CAPITAL REQUIREMENT OR FINRA MEMBERSHIP AGREEMENT. AS A RESULT OF ENTERING INTO THE CONSULTING AGREEMENT, KAISER AND THE OTHER PRINCIPAL TOOK NO ACTION TO INCREASE THE FIRM'S NET CAPITAL TO \$250,000 OR TO AMEND THE FIRM'S FINRA MEMBERSHIP AGREEMENT. NOR DID THEY TAKE ANY STEPS TO ENSURE THAT FUNDS HELD BY THE FIRM THAT WERE DUE AND PAYABLE TO THE CUSTOMER WERE PROTECTED UNDER THE CUSTOMER PROTECTION RULE. DESPITE THE EXECUTION OF THE CONSULTING AGREEMENT BY THE FIRM AND THE CUSTOMER, THE FIRM DID NOT REQUEST, NOR DID THE CUSTOMER PROVIDE, RESEARCH REPORTS OR ADVISORY SERVICES OR ANY OF THE OTHER SERVICES SET FORTH IN THE CONSULTING AGREEMENT. THE FIRM HAS BEEN UNABLE TO DOCUMENT

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ANY BASIS BY WHICH EITHER A REGISTERED REPRESENTATIVE OR THE FIRM UTILIZED THE PURPORTED CUSTOMER RESEARCH OR OTHERWISE BENEFITED FINANCIALLY FROM THE CONSULTING AGREEMENT. KAISER WAS RESPONSIBLE FOR CALCULATING THE PAYMENT DUE TO THE CUSTOMER. KAISER DESCRIBED DOING SO BY INQUIRING PERIODICALLY WITH A REGISTERED REPRESENTATIVE HOW MUCH WAS OWED TO THE CUSTOMER. THE REGISTERED REPRESENTATIVE SHARED WITH KAISER THE AMOUNT DUE UNDER THE COMMISSION RECAPTURE ARRANGEMENT AND KAISER THEN RELAYED TO ANOTHER FIRM PRINCIPAL THE AMOUNT CURRENTLY OWED, WHICH FREQUENTLY WAS WELL IN EXCESS OF THE AMOUNT OWED UNDER THE CONSULTING AGREEMENT. THE FIRM, ACTING THROUGH KAISER AND ANOTHER PRINCIPAL, PARTICIPATED IN THE RECEIPT AND DEPOSIT OF CUSTOMER FUNDS IN AN ACCOUNT OTHER THAN A SPECIAL RESERVE ACCOUNT, AS REQUIRED BY SECURITIES EXCHANGE ACT OF 1934 (EXCHANGE ACT) RULE 15C3-3(E)(1). AS FINOP, KAISER WAS RESPONSIBLE FOR SUPERVISION AND/OR PERFORMANCE OF THE FIRM'S COMPLIANCE UNDER ALL FINANCIAL RESPONSIBILITY RULES PROMULGATED PURSUANT TO THE PROVISIONS OF THE EXCHANGE ACT. THE FIRM HELD CUSTOMER SECURITIES ON SEPARATE OCCASIONS MAKING IT FULLY SUBJECT TO EXCHANGE ACT RULE 15C3-3 AND INCREASED ITS MINIMUM NET CAPITAL REQUIREMENT TO \$250,000 FOR THESE TIME PERIODS. KAISER WAS AWARE THAT THE FIRM WAS ACTING AS A NOTEHOLDER'S AGENT AND AS SUCH, HE WAS RESPONSIBLE FOR SUPERVISION AND/OR PERFORMANCE OF THE FIRM'S COMPLIANCE WITH ALL FINANCIAL RESPONSIBILITY RULES UNDER THE EXCHANGE ACT. THE FIRM FAILED TO TIMELY FILE RULE 17A-11 NOTIFICATION, FAILED TO PREPARE AND REPORT ACCURATE BOOKS AND RECORDS AND FILED INACCURATE FOCUS REPORTS AS REQUIRED BY EXCHANGE ACT RULES 17A-3, AND 17A-5, AND NASD RULE 3110. THE FIRM, KAISER AND ANOTHER PRINCIPAL, DURING THE YEARS 2006 THROUGH JUNE 2009, FAILED TO DOCUMENT THE BASIS UPON WHICH RESEARCH ANALYST COMPENSATION WAS ESTABLISHED. THE FIRM, ACTING THROUGH KAISER AND ANOTHER PRINCIPAL, KNOWINGLY PROVIDED TESTIMONY THAT WAS FALSE AND MISLEADING, AND THAT IMPEDED FINRA'S INVESTIGATION.

4. That Section 8.E (1)(j) of the Act provides, inter alia, that the registration of a salesperson may be denied if the Secretary of State finds that such Salesperson has been suspended by any self-regulatory organization Registered under the Federal 1934 Act or the Federal 1974 Act arising from any fraudulent or deceptive act or a practice in violation of any rule, regulation or standard duly promulgated by the self regulatory Organization.
5. That FINRA is a self-regulatory organization as specified in Section 8.E(1)(j) of the Act.
6. That by virtue of the foregoing, the Respondent's registration as a Salesperson in the State of Illinois is subject to denial pursuant to Section 8.E(1)(j) of the Act.

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You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 ILL. Adm. Code 130) (the "Rules"), to file an answer to the allegations outlined above within thirty (30) days of the receipt of this Notice. A failure to file an answer within the prescribed time shall be construed as an admission of the allegations contained in the Notice of Hearing.

Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute default, unless any Respondent has upon due notice moved for and obtained a continuance.

A copy of the Rules, promulgated under the Act and pertaining to hearings held by the Office of the Secretary of State, Securities Department, Can be found at www.cyberdriveillinois.com

Delivery of Notice to the designated representative of any Respondent constitutes service upon such Respondent.

Dated: This 26th day of April, 2012.



JESSE WHITE
Secretary of State
State of Illinois

Attorney for the Secretary of State:
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Hearing Officer:
James L. Kopecky