

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

IN THE MATTER OF: WILLIAM T. MUKAI

FILE NO. 0400654

NOTICE OF HEARING

TO THE RESPONDENT: William T. Mukai
(CRD #: 1760223)
534 Jon Lane
Des Plaines, Illinois 60016

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 26th day of January, 2005, at the hour of 10:00 a.m., or as soon as possible thereafter, before James G. Athas, 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 revoking William T. Mukai's (the "Respondent") registration as an investment advisor representative and 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:

1. That at all relevant times, the Respondent was registered with the Secretary of State as an investment advisor representative and as a salesperson in the State of Illinois pursuant to Section 8 of the Act until February 11, 2004.
2. That on July 21, 2004, NASD entered ORDER ACCEPTING OFFER OF SETTLEMENT (order) submitted by the Respondent regarding

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Disciplinary Proceeding No. C8A030093 which suspended him from associating with any member of NASD in any capacity for a period of one year.

3. That the Order found:
 - a. From in or about January 1999 until in or about June 2000, Respondent recommended and effected a total of 476 securities transactions in the account of J.T., who is a member of the public. The transactions constituted excessive trading activity that generated commissions totaling \$109,862, margin interest totaling \$27,230, a turnover ratio of 8.09% and would have required a rate of return in excess of 27.5% in order for the account to break even. The Respondent made these trading recommendations without having a reasonable basis for believing that the recommendations and resultant transactions were suitable for J.T., based upon J.T.'s age, financial situation and investment objectives.
 - b. From in or about January 2000 until in or about June 2000, Respondent recommended and effected a total of 67 securities transactions in the account of T.T., who is a member of the public. The transactions constitute excessive trading activity that generated commissions totaling \$12,755, margin interest totaling \$8,768, a turnover ratio of over 8% and would have required a rate of return in excess of 14.5% in order for the account to break even. The Respondent made these trading recommendations without having a reasonable basis for believing that the recommendations and resultant transactions were suitable for T.T., based upon T.T.'s age, financial situation and investment objectives.
 - c. The Respondent executed trades in the accounts of J.T. and T.T. that he consistently designated incorrectly as unsolicited.
 - d. Based on the foregoing, Respondent is found to have violated NASD Conduct Rules 2110, 2310 and IM 2310-2.
 - e. From in or about September 1999 until in or about June 2000, Respondent exercised discretion in the accounts of J.T. and T.T. without having obtained prior written authorization from the customers and prior written acceptance of the account as discretionary by Bear Stearns.
 - f. Based on the foregoing, Respondent is found to have violated NASD Conduct Rules 2110 and 2510.

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- g. In or about January 2000 and June 2000, the Respondent prepared and delivered to J.T. and T.T. misleading communications, consisting of summaries of the trading in J.T. and T.T.'s accounts that contained exaggerated, unwarranted and misleading statements by omitting losses and misrepresenting losses as gains, in that they:

 - i) reported trades in Rambus stock as producing a profit of \$18,000, but omitted transactions involving 2100 shares that resulted in a loss of approximately \$217,001 in J.T.'s account; and
 - ii) misstated the purchase price of Yahoo shares as \$87 less than the actual share price, resulting in a misstated gain of \$229 instead of a loss of approximately \$17,000 in T.T.'s account.
 - h. The Respondent prepared and provided the foregoing misleading communications to J.T. and T.T. without submitting them to the appropriate registered principal of Bear Stearns for review and approval prior to their distribution, as required by Bear Stearns' procedures.
 - i. Based on the foregoing, the Respondent is found to have violated NASD Conduct Rules 2110 and 2210.
- 4. That Section 8.E(1)(j) of the Act provides, inter alia, that the registration of an investment advisor representative and as a salesperson may be revoked 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 NASD is a self-regulatory organization as specified in Section 8.E(1)(j) of the Act.
 - 6. That Section 8.E(3) of the Act provides, inter alia, withdrawal of an application for registration or withdrawal from registration or withdrawal from registration as an investment advisor representative or a salesperson, becomes effective 30 days after receipt of an application to withdraw or within such shorter period of time as the Secretary of State may determine. If no proceeding is pending or

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instituted and withdrawal automatically becomes effective, the Secretary of State may nevertheless institute a revocation or suspension proceeding within 2 years after withdrawal became effective and enter a revocation or suspension order as of the last date on which registration was effective.

7. That by virtue of the foregoing, the Respondent's registration as an investment advisor representative and as a salesperson in the State of Illinois is subject to revocation effective February 11, 2004 pursuant to Section 8.E(1)(j) and 8.E(3) of the Act.

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 and 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 witness 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, is included with this Notice

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

DATED: This 6th day of December 2004.

Attorney for the Secretary of State:
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Illinois Securities Department
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Hearing Officer:
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JESSE WHITE
Secretary of State
State of Illinois