

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

IN THE MATTER OF: NICHOLAS A. DENUCCI

FILE NO. 0400420

CONSENT ORDER OF WITHDRAWAL

TO THE RESPONDENT: Nicholas A. Denucci
(CRD#: 1835469)
2 North Ridge Road
Denville, New Jersey 07834

C/o Merrill Lynch, Pierce, Fenner & Smith Incorporated
4 World Trade Center
New York, New York 10281

C/o Robert J. Hausen, P.C.
Attorney at Law
29th Floor
110 East 59th Street
New York, New York 10022

WHEREAS, Respondent on the 16th day of June, 2005 executed a certain Stipulation to Enter Consent Order of Withdrawal (the "Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, Respondent has admitted to the jurisdiction of the Secretary of State and service of the Notice of Hearing of the Secretary of State, Securities Department, dated February 2, 2005 in this proceeding (the "Notice") and Respondent has consented to the entry of this Consent Order of Withdrawal ("Consent Order").

WHEREAS, by means of the Stipulation, the Respondent acknowledged, without admitting or denying the truth thereof, that the following allegations contained in the Notice of Hearing shall be adopted as the Secretary of State's Findings of Fact:

Consent Order of Withdrawal

- 2 -

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.
2. That on June 3, 2004 NASD entered a Letter Of Acceptance, Waiver and Consent (AWC) submitted by the Respondent regarding File No. C9B040048 which sanctioned the Respondent as follows:
 - a. suspension from association with any member firm in any capacity for fifteen (15) business days; and
 - b. fined \$10,000, which includes disgorgement of commissions of \$2,500.
3. That the AWC found
 - a. From in or about October 2000 through in or about December 2000, the Respondent exercised discretionary authority over the account of Merrill Lynch customer R.G. without prior written authorization of the customer and prior written acceptance of the account as discretionary. As a result of this conduct, the Respondent violated Conduct Rules 2110 and 2510(b) and IM-2310-2.
 - b. From in or about July 27, 1999 through in or about December 9, 1999, the Respondent recommended that R.G. purchase \$462,000 of Class B shares in 12 mutual funds, without reasonable grounds for believing that the Class B shares, as opposed to Class A shares, were suitable for customer R.G. Had the Respondent recommended Class A shares instead of Class B shares, R.G. would have received breakpoints reducing the cost of the front-end sales charges, paid lower on-going expenses and avoided contingent deferred sales charges. As a result of this conduct, the Respondent violated NASD Conduct Rules 2110 and 2310 and IM-2310-2.
4. That Section 8.E(1)(j) of the Act provides, inter alia, that the registration of 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.

Consent Order of Withdrawal

- 3 -

5. That NASD is a self-regulatory organization as specified in Section 8.E(1)(j) of the Act.

WHEREAS, by means of the Stipulation Respondent has acknowledged, without admitting or denying the averments, that the following shall be adopted as the Secretary of State's Conclusion of Law:

That by virtue of the foregoing, the Respondent's registration as a salesperson in the State of Illinois is subject to revocation pursuant to Section 8.E(1)(j) of the Act.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that:

1. He shall cause to have his registration as a salesperson in the State of Illinois withdrawn within three (3) days from the entry of this Consent Order and will not re-apply for registration for a period of two (2) years from the entry of this Consent Order; and
2. He shall pay the sum of One Thousand Five Hundred dollars (\$1,500.00) to the Office of the Secretary of State, Investors Education Fund as reimbursement to cover the cost of investigation of this matter. Said sum shall be payable by means of certified or cashier's check and made to the order of the Secretary of State, Investors Education Fund and shall be due within thirty (30) days from the entry of this Consent Order.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has determined that the matter related to the aforesaid formal hearing may be dismissed without further proceedings.

NOW THEREFORE IT SHALL BE AND IS HEREBY ORDERED THAT:

1. Nicholas A. DeNucci shall cause to have his registration as a salesperson in the State of Illinois withdrawn within three (3) days from the entry of this Consent Order and will not re-apply for registration for a period of two (2) years from the entry of this Consent Order.
2. Nicholas A. DeNucci shall pay the sum of One Thousand Five Hundred dollars (\$1,500.00) to the Office of the Secretary of State, Investors Education Fund as reimbursement to cover the cost of investigation of this matter. Said sum shall be payable by means of certified or cashier's check and made to the order of the Secretary of State, Investors Education Fund and shall be due within thirty (30) days from the entry of this Consent Order.

Consent Order of Withdrawal

- 4 -

3. The formal hearing scheduled on this matter is hereby dismissed without further proceedings.

ENTERED: This 20th day of June 2005.



JESSE WHITE
Secretary of State
State of Illinois