

FINANCIAL INDUSTRY REGULATORY AUTHORITY (FINRA)
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. 2007008095501

**To: Department of Enforcement
FINRA**

**Re: Douglas William Hemke
Financial and Operations Principal, General Securities Representative and Principal,
Municipal Securities Principal and Options Principal
(CRD No. 1204584)**

Pursuant to NASD Rule 9216 of the FINRA Code of Procedure, Douglas William Hemke submits this Letter of Acceptance, Waiver and Consent (AWC) for the purpose of proposing a settlement of the alleged rule violations described below. This AWC is submitted on the condition that, if accepted, FINRA will not bring any future actions against Hemke alleging violations based on the same factual findings described herein.

I. ACCEPTANCE AND CONSENT

- A. Hemke hereby accepts and consents, without admitting or denying the findings, and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of FINRA, or to which FINRA is a party, prior to a hearing and without an adjudication of any issue of law or fact, to the entry of the following findings by FINRA:

Background

Hemke entered the securities industry in October 1983. From September 28, 2000 through November 28, 2007, Hemke was associated with First MidAmerica Investment Corp. (FMIC) as its chief executive officer and was registered with FINRA as a financial and operations principal, general securities representative and principal, municipal securities principal and options principal. Hemke was associated with two other FINRA members from November 14, 2007 through February 13, 2008 and from March 31, 2008 through May 12, 2008. Hemke is not currently associated with any FINRA member. However, FINRA retains jurisdiction over Hemke pursuant to Article V, Section 4 of the FINRA By-Laws.

Hemke has not been the subject of prior formal disciplinary action by FINRA. However, in May 2007, FINRA imposed a \$5,000 fine on FMIC for net capital violations occurring in 2005 (AWC No. 20060050114-01). Although he was not named in the FINRA disciplinary action, Hemke was FMIC's chief financial officer during the time period of those net capital violations.

Overview

FMIC conducted a securities business while failing to maintain its required minimum net capital on six days from September 26, 2006 to January 16, 2007. FMIC is no longer a FINRA member. Hemke, who was FMIC's chief financial officer, failed to ensure that FMIC maintained adequate net capital while

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engaging in a securities business. Through this conduct, Hemke violated NASD Conduct Rule 2110.

From January 1, 2005 through December 31, 2006, Hemke conducted discretionary trading in six customer accounts without receiving written authorization from customers. Through this conduct, Hemke violated NASD Conduct Rules 2510(b) and 2110.

From January 1, through December 31, 2006, Hemke failed to enforce the FMIC's procedures related to discretionary accounts. Through this conduct, Hemke violated NASD Conduct Rules 3010 and 2110.

Facts and Violative Conduct

Failure to Ensure that Firm Maintained Required Net Capital
NASD Conduct Rule 2110

1. FMIC conducted a securities business while failing to maintain its required minimum net capital on September 26, 2006, September 30, 2006, October 31, 2006, November 30, 2006, December 31, 2006 and January 16, 2007. The following chart shows FMIC's net capital requirements, positions and deficiencies on these six days:

Date	Net Capital Requirement	Net Capital Position	Net Capital Deficiency
9/26/06	\$35,662.41	\$21,020.16	\$14,642.25
9/30/06	\$43,753	(\$93,316)	\$136,969
10/31/06	\$39,897	(\$100,205)	\$140,102
11/30/06	\$30,154	(\$100,537)	\$130,691
12/31/06	\$55,786	(\$580,871)	\$636,657
1/16/07	\$41,546	(\$311,475)	\$353,021

2. Hemke was FMIC's chief financial officer on these six days. Pursuant to SEC Rule 15c3-1, Hemke was responsible for ensuring that FMIC maintained adequate net capital while engaging in a securities business. By failing to ensure that FMIC maintained adequate net capital while operating a securities business on these six days, Hemke violated NASD Conduct Rule 2110.

Discretionary Accounts
NASD Conduct Rules 2510(b) and 2110

3. From January 1, 2005 through December 31, 2006, Hemke exercised discretion in six customer accounts without receiving written customer authorization for his use of discretion.
4. Through this conduct, Hemke violated NASD Conduct Rules 2510(b) and 2110.

Failure to Supervise
NASD Conduct Rules 3010 and 2110

5. From January 1, 2006 through December 31, 2006, Hemke was FMIC's chief compliance officer and was responsible for enforcing FMIC's procedures.
6. From January 1, 2005 through March 27, 2006, FMIC's procedures prohibited discretionary accounts, regardless of whether prior written authorization was obtained.
7. From March 27, 2006 through December 31, 2006, FMIC's procedures allowed discretionary accounts, but only after written customer authorization was received and the accounts were approved as discretionary accounts.
8. During the entire time period, Hemke was using discretion in six customer accounts, even though first FMIC's procedures prohibited this conduct, and then allowed such conduct only if written customer authorization was received and the accounts were approved as discretionary accounts.
9. By failing to enforce FMIC's procedures relating to discretionary accounts, Hemke violated NASD Conduct Rules 3010 and 2110.

B. Hemke also consents to the imposition of the following sanctions:

1. A \$30,000 fine; and
2. a suspension in all capacities for 30 business days; and
3. a suspension in all principal capacities for three months, which shall run concurrently with the suspension in all capacities noted above.

The fine shall be due and payable either immediately upon Hemke's reassociation with a FINRA member following the suspensions noted above, or prior to any application or request for relief from any statutory disqualification resulting from this or any other event or proceeding, whichever is earlier.

Hemke specifically and voluntarily waives any right to claim that he is unable to pay, now or at any time hereafter, the monetary sanctions imposed in this matter.

II. WAIVER OF PROCEDURAL RIGHTS

Hemke specifically and voluntarily waives the following rights granted under FINRA's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against Hemke;
- B. To be notified of the Formal Complaint and have the opportunity to answer the allegations in writing;
- C. To defend against the allegations in a disciplinary hearing before a hearing panel, to have a written record of the hearing made and to have a written decision issued; and
- D. To appeal any such decision to the National Adjudicatory Council (NAC) and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Hemke specifically and voluntarily waives any right to claim bias or prejudgment of the General Counsel, the NAC, or any member of the NAC, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including acceptance or rejection of this AWC.

Hemke further specifically and voluntarily waives any right to claim that a person violated the ex parte prohibitions of NASD Procedural Rule 9143 or the separation of functions prohibitions of NASD Procedural Rule 9144, in connection with such person's or body's participation in discussions regarding the terms and conditions of this AWC, or other consideration of this AWC, including its acceptance or rejection.

III. OTHER MATTERS

Hemke understands that:

- A. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by the NAC, a Review Subcommittee of the NAC, or the Office of Disciplinary Affairs (ODA), pursuant to NASD Procedural Rule 9216;

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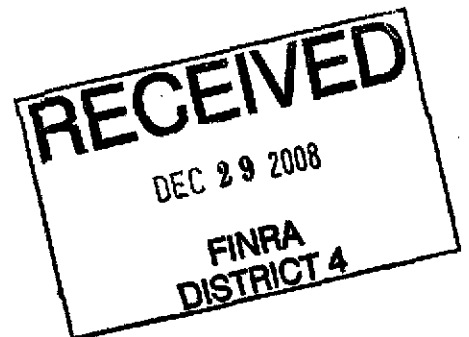
- Hemke certifies that he has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it; that he has agreed to its provisions voluntarily; and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein and the prospect of avoiding the issuance of a Complaint, has been made to induce him to submit it.

Date 12/26/08


DOUGLAS W. HEMKE

Reviewed by:

Counsel for Douglas W. Hemke



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Accepted by FINRA:

1-30-09
Date

**Signed on behalf of the Director of ODA,
by delegated authority**

James M. Stephens / soc
James M. Stephens, Senior Regional Counsel