

NASD
LETTER OF ACCEPTANCE, WAIVER AND CONSENT
NO. C8A050052

To: Department of Enforcement
NASD

Re: Chicago Investment Group, L.L.C., Respondent
Broker Dealer
(CRD No. 11853)

Pursuant to Rule 9216 of NASD Code of Procedure, Chicago Investment Group, LLC ("Respondent"), submits this Letter of Acceptance, Waiver and Consent ("AWC") for the purpose of proposing a settlement of the alleged rule violations described in Part II below. This AWC is submitted on the condition that, if accepted NASD will not bring any future actions against Respondent alleging violations based on the same factual findings.

Respondent understands that:

1. Submission of this AWC is voluntary and will not resolve this matter unless and until it has been reviewed and accepted by NASD's Department of Enforcement and National Adjudicatory Council ("NAC") Review Subcommittee or Office of Disciplinary Affairs ("ODA"), pursuant to NASD Rule 9216;
2. If this AWC is not accepted, its submissions will not be used as evidence to prove any of the allegations against Respondent; and
3. If accepted:
 - a. this AWC will become part of Respondent's permanent disciplinary record and may be considered in any future actions brought by NASD or any other regulator against Respondent;
 - b. this AWC will be made available through NASD's public disclosure program in response to public inquiries about Respondent's disciplinary record;
 - c. NASD may make a public announcement concerning this agreement and the subject matter thereof in accordance with NASD Rule 8310 and IM 8310-2; and
 - d. Respondent may not take any action or make or permit to be made any public statement, including in regulatory filings or otherwise, denying, directly or indirectly, any allegation in this AWC or create the impression that the AWC is without factual basis. Nothing in this provision affects Respondent's testimonial

obligations or right to take legal or factual positions in litigation or other legal proceedings in which NASD is not a party.

Respondent also understands that its experience in the securities industry and disciplinary history may be factors that will be considered in deciding whether to accept this AWC. That experience and history are as follows:

Chicago Investment Group, LLC ("Member") became a Member of NASD and became registered with the Securities and Exchange Commission ("SEC") on July 7, 1983 as a broker-dealer. The Member's membership with NASD and registration with the SEC remain currently in effect. The Member's disciplinary history includes an AWC effective September 18, 2002 in which, without admitting or denying the allegations, it consented to the entry of findings that it failed to timely file its December 31, 2001 annual audit, in that even though it requested and received an extension of time to file the annual audit to March 20, 2002, it failed to file the annual audit until May 6, 2002, which was 37 days late.

I

WAIVER OF PROCEDURAL RIGHTS

Respondent specifically and voluntarily waives the following rights granted under NASD's Code of Procedure:

- A. To have a Formal Complaint issued specifying the allegations against Respondent;
- 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 NAC and then to the U.S. Securities and Exchange Commission and a U.S. Court of Appeals.

Further, Respondent 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 its acceptance or rejection.

II

ACCEPTANCE AND CONSENT

- A. Respondent hereby accepts and consents, without admitting or denying the allegations or findings and solely for the purposes of this proceeding and any other proceeding brought by or on behalf of NASD, or to which NASD 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 NASD:
1. On or about April 30, 2003 and May 31, 2003, the Member failed to comply with SEC Rule 15c3-1, in that it used the mails or other means or *instrumentalities of interstate commerce to effect transactions in securities* when it failed to maintain the minimum required net capital, in violation of SEC Rule 15c3-1 and NASD Conduct Rule 2110 by the Member.
 2. The Member failed to comply with SEC Rule 17a-3, in that it prepared inaccurate trial balances, general ledgers and net capital computations for the periods ending April 2003 and May 2003, in violation of SEC Rule 17a-3 and NASD Conduct Rules 2110 and 3110 by the Member.
 3. The Member failed to comply with SEC Rule 17a-5, in that it filed with NASD FOCUS IIA Reports for the calendar months ending April 30, 2003 and May 31, 2003, which were inaccurate in that, among other things, the Reports overstated the Member's net capital, in violation of SEC Rule 17a-5 and NASD Conduct Rule 2110 by the Member.
 4. The Member failed to prepare and maintain adequate written supervisory procedures to ensure that three individuals the member employed whose registrations were subject to numerous strict supervisory guidelines and restrictions by several state securities regulators remained in compliance with those restrictions. The Member failed to include the specific guidelines and restrictions for two of those employees in the Member's written procedures. The Member also failed to designate for heightened supervision for a period of two months one individual who was permanently subject to special supervision by the State of New Jersey. The Member's conduct is in violation of NASD Conduct Rules 2110 and 3010.
 5. From June 10, 2002 through June 9, 2003, the Member failed to obtain NASD approval prior to effecting a material change in business operations, in violation of NASD Membership and Registration Rule 1017. Specifically, during that time period, the Member increased the number of associated persons involved in sales activities beyond the limits delineated in IM-1011-1 (Safe Harbors for Business Expansions).

6. The Member failed to comply with the terms of its Membership Agreement in that the Member hired a number of associated persons who were involved in sales activities with public customers, that constitutes a "material change in business operations" under NASD IM-1011-1, while failing to obtain prior approval of NASD pursuant to NASD Membership and Registration Rule 1017, in violation of NASD Conduct Rule 2110.

B. Respondent also consents to the imposition, at a maximum, of the following sanctions:

A Censure; and

a fine in the amount of \$22,000.

OTHER MATTERS

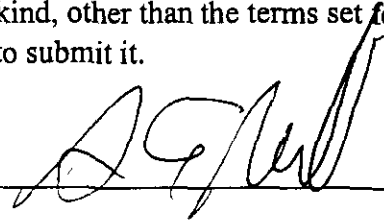
A. Respondent agrees to pay any monetary sanctions imposed upon notice that this AWC has been accepted and that such payments are due and payable and have attached an Election of Payment form showing the method by which Respondent proposes to pay any fine imposed.

B. Respondent specifically and voluntarily waives any right to claim that it is unable to pay, now or at any time hereafter, any monetary sanction imposed in this matter.

Respondent certifies that a duly authorized representative has read and understands all of the provisions of this AWC and has been given a full opportunity to ask questions about it, and that no offer, threat, inducement, or promise of any kind, other than the terms set forth herein, has been made to induce that representative to submit it.

6/11/05

Date

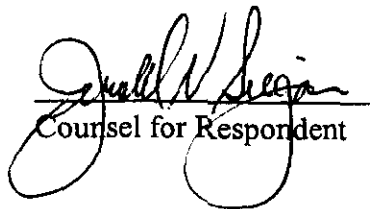


Respondent

For Chicago Investment Group, LLC

By: George E Reilly

Reviewed by:


Counsel for Respondent

Accepted by NASD:

June 16, 2005
Date



Carlotta A. Romano

Senior Vice President and

Regional Director

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