

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

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IN THE MATTER OF: WILLIAM JAMES HOGAN

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)  
) File No. 0400748  
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ORDER OF PROHIBITION AND FINE

TO THE RESPONDENT: William James Hogan  
7813 Sunset Drive  
Elmwood Park, Illinois 60707

WHEREAS, the record of the above captioned matter has been reviewed by the Secretary of State or his duly authorized representative;

WHEREAS, the rulings of the Hearing Officer on the admission of evidence and all motions are deemed to be proper and are hereby concurred with by the Secretary of State;

WHEREAS, the proposed Findings of Facts and Conclusions of Law and Recommendation of the Hearing officer, Jon K. Ellis, in the above-captioned matter have been read and examined;

WHEREAS, the following proposed Findings of Fact are correct and are adopted by the Secretary of State as follows:

1. The pleadings and Exhibits have been offered and received from the Department and a proper record of all proceedings has been made and preserved as required by law.
2. The Hearing Officer has ruled on all motions and objections timely made and submitted.
3. The Hearing Officer and the Secretary of State Securities Department have jurisdiction over the parties herein and subject matter dealt with herein, due and proper notice having been previously given as required by statute in this Matter.
4. As no Answer was filed, Respondent, William James Hogan, is therefore deemed to be in default.
5. That the Respondent is an individual with a last known address of 7813 Sunset Drive, Elmwood Park, Illinois 60707.

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- 6.A. That on or about September 18, 1997, the Respondent offered and sold to GB, an Illinois resident, an investment plan whereby the Respondent represented that upon receiving \$20,000.00 from GB, the Respondent would invest and manage said funds on behalf of GB in a Merrill Lynch "Blue Print" Account, that said investment would yield a return of 15% per month, and that said funds could be withdrawn at any time without penalty upon demand;
- B. That the Respondent never invested GB's \$20,000.00 investment in a Merrill Lynch Blue Print Account as represented, but rather deposited said funds in his personal account and used said funds for his own personal benefit and purposes without the knowledge of, or authority from, GB;
- C. That on or about January 21, 2000, the Respondent offered and sold to GB, an Illinois resident, an investment plan whereby the Respondent represented that for an investment of \$45,000.00 from GB, the Respondent would invest and manage said funds in a Merrill Lynch "Blue print" Account, that one year from the aforesaid date, the Respondent would pay GB the principal plus an additional \$15,000.00, and that said funds could be withdrawn at any time without penalty upon demand;
- D. That the Respondent never invested GB's \$45,000.00 investment in a Merrill Lynch Blue Print Account as represented, but rather deposited said funds in his personal account and used said funds for his own personal benefit and purposes without the knowledge of, or authority from, GB;
- E. That as of January 21, 2001, a year after the aforesaid agreement, GB did not receive the return of principal or the additional \$15,000.00 return as represented by the Respondent;
- F. That during the months of March and April, 2001, GB requested said funds be returned to her for her personal use at which time the Respondent continued to represent to GB that her funds still remained in the aforesaid Blue Print Account and that he was attempting to obtain those funds for her, when, in fact, the Respondent knew that said funds no longer existed and were never placed in said purported Account;

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- G. That during the months of June and July, 2002, the Respondent represented to GB that said Account was still active and that he was attempting to obtain a withdrawal of GB's funds per GB's request, and that in response to GB's continued requests for said funds, the Respondent continued to represent said funds were still contained in the aforementioned Account and that he was working to obtain those funds for her, when in fact, the Respondent knew that said Account did not exist and that said funds no longer existed and were never placed in said purported Account; and
- H. That as of September 1, 2006, GB had never received any money in regards to the aforesaid investment from the Respondent, nor had she received the return of 15% per month or the \$15,000.00 return as represented by the Respondent.
- I. That as a result of the Judgment entered on September 13, 2006, in the U.S. District Court for the Central District of Illinois ("Court") in Case Number 3:05-cr-30022, the Respondent has paid GB the full amount of restitution ordered by the Court.
- 7.A. That on or about May 6, 1997 and January 26, 1998, the Respondent offered and sold to TP, an Illinois resident, an investment plan whereby the Respondent represented that upon receiving a total of \$7,717.01 from TP, the Respondent would invest and manage said funds on behalf of TP in a Merrill Lynch "Blue Print" Account and that said investment would yield a return of 15% per month, and that said funds could be withdrawn without penalty upon demand;
- B. That on or about September 30, 2002, the Respondent supplied TP with a document purporting to be financial account statements called "Blueprint Account Status", representing that TP's account contained total principal and interest in the amount of \$21,144.06;
- C. That during the months of April through August, 2003, the respondent represented to TP that said account was still active and that he he was attempting to obtain a withdrawal of TP's funds per TP's request;

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- D. That the Respondent never invested TP's \$7,717.01 investment in a Merrill Lynch Blue Print Account as represented, but rather deposited said funds in his personal account and used said funds for his own personal benefit and purposes without the knowledge of, or authority from, TP;
- E. That the Respondent continued to send purported account statements to TP up to and including the aforesaid account statement of September 30, 2002, and with each statement, the Respondent represented to TP that the purported "Blue Print" Account contained the principal or TP's investment plus interest, while in fact, the Respondent knew that no such account existed, that said funds no longer existed and were never placed in the purported Account;
- F. That despite repeated requests by TP for return of the investment and interest, the Respondent continued to represent to TP during the months of April through August, 2003, that TP's investment was still located in the aforesaid Account and that the Respondent was making efforts to withdraw said funds, when in fact, the Respondent knew that no such Account existed, that said funds no longer existed and were never placed in said purported Account; and
- G. That as of September 1, 2006, TP had never received any money in regards to the aforesaid investment from the Respondent, nor had he received the return of 15% per month as represented and promised by the Respondent.
- H. That as a result of the Judgment entered on September 13, 2006, in the U.S. District Court for the Central District of Illinois ("Court") in Case Number 3:05-cr-30022, the Respondent has paid TP the full amount of restitution ordered by the Court.
- 8.A. That on or about September 16, 1999, the Respondent offered and sold to JP, an Illinois resident, an investment plan whereby the Respondent represented that for an investment of \$4,753.99 from JP, the Respondent would invest and manage said funds in a Merrill Lynch "Blue Print" Account, that said investment would yield a return of 15% per month, and that said funds could be withdrawn without penalty upon demand;

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- B. That on or about June 30, 2002, the Respondent supplied JP with a document purporting to be financial account statements called "BluePrint Account Status", representing that JP's account contained total principal and interest in the amount of \$9,480.24;
  - C. That the Respondent never invested JP's \$4,753.99 investment in a Merrill Lynch Blue Print Account as represented, but rather deposited said funds in his personal account and used said funds for his own personal benefit and purposes without the knowledge of, or authority from, JP;
  - D. That the Respondent continued to send purported account statements to JP up to and including the aforesaid account statement of June 30, 2002, and with each statement, the Respondent represented to JP that the purported "Blue Print" Account contained the principal of JP's investment plus interest, while in fact, the Respondent knew that no such Account existed, that said funds no longer existed and were never placed in said purported Account; and
  - E. That as of September 1, 2006, JP had never received any money in regards to the aforesaid investment from the Respondent, nor had he received the return of 15% per month as represented by the Respondent.
  - F. That as a result of the Judgment entered on September 13, 2006, in the U.S. District Court for the Central District of Illinois ("Court") in Case Number 3:05-cr-30022, the Respondent has paid JP the full amount of restitution ordered by the Court.
- 9.A. That on or about August 24, 1998 and September 19, 1999, the Respondent offered and sold to KP, an Illinois resident, an investment plan whereby the Respondent represented that for a total investment of \$8,412.98 from KP, the Respondent would invest and manage said funds in a Merrill Lynch "Blue Print" Account, that said investment would yield a return of 15% per month, and that funds could be withdrawn without penalty upon demand;
- B. That on or about September 30, 2002, the Respondent supplied KP with a document purporting to be financial account statements called "Blueprint Account Status",

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representing that KP's account contained total principal and interest in the amount of \$17,116.48;

- C. That during the months of April through August, 2003, the Respondent represented to KP's brother, TP, that said Account was still active and that he was attempting to obtain a withdrawal of KP's funds per TP's request;
- D. That the Respondent never invested KP's \$8,412.98 investment in a Merrill Lynch Blue Print Account as represented, but rather deposited said funds in his personal account and used said funds for his own personal benefit and purposes without the knowledge of, or authority from, KP;
- E. That the Respondent continued to send purported account statements to KP up to and including the aforesaid account statement of September 30, 2002, and with each statement, the Respondent represented to KP that the purported "Blue Print" Account contained the principal of KP's investment plus interest, while in fact, the Respondent knew that no such Account existed, that said funds no longer existed and were never placed in said purported account;
- F. That despite repeated requests by TP on behalf of KP for return of KP's investment and interest, the Respondent continued to represent to TP during the months of April through August, 2003, that KP's investment was still located in the Account and the Respondent was making efforts to withdraw said funds, when in fact, the Respondent knew that no such account existed, that said funds no longer existed and were never placed in said purported Account; and
- G. That as of September 1, 2006, KP had never received any money in regards to the aforesaid investment from the Respondent, nor had she received the return of 15% per month as represented by the Respondent.
- H. That as a result of the Judgment entered on September 13, 2006, in the U.S. District Court for the Central District of Illinois ("Court") in Case Number 3:05-cr-30022, the Respondent has paid KP the full amount of restitution ordered by the Court.

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10. That at all times relevant hereto, the Respondent obtained money or property from Illinois residents, by means of untrue statements of material fact or omissions to state material fact by representing to said residents that their respective investments would be invested in a Merrill Lynch Blue Print Account, would earn 15% interest per month and could be withdrawn without penalty upon demand, when in fact the Respondent never invested said residents' funds in any such investment account, but rather deposited said funds in his own personal bank account, whereupon the Respondent used said funds for his own personal benefit and purposes; furthermore, after repeated requests for said funds by said residents, the Respondent continued to represent said funds still existed and were contained in the purported investment account, when in fact the Respondent knew that said Account did not exist and that said funds were never so invested and no longer existed.
11. That each of the above referenced investment plans is an investment contract and therefore is a security as that term is defined pursuant to Section 2.1 of the Act, and is an offer and sale of a security as defined by Section 2.5 of the Act.
12. That Section 5 of the Act provides that all securities except those set forth under Section 2a, or those exempt under Section 3, or those offered and sold in transactions exempt under Section 4 of the Act shall be registered with the Secretary of State prior to their offer or sale in the State of Illinois.
13. That at all times relevant hereto, the Respondent failed to file an application for registration of the above referenced securities with the Secretary of State prior to their offer of sale in the State of Illinois.
14. That Section 2.1 of the Act defines the term "Security as any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit sharing agreement, collateral trust certificate, pre-organization certificate or subscription, transferable share, investment contract, investment fund share, face-amount certificate, voting trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas or other mineral lease, right or royalty, any put, call, straddle,

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option or privilege on any security, certificate of deposit, or group of index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option or privilege entered into on a national securities exchange relating to foreign currency, or, in general, any interest or instrument commonly known as a "Security", or any certificate of interest or participation in, temporary or interim certificate for, receipt of, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing. "Security" does not mean a mineral investment contract or mineral deferred delivery contract; provided, however, the Department shall have the authority to regulate these contracts as hereinafter provided.

15. That Section 2.5 of the Act defines the term "Sale or Sell" to include the full meaning of that term as applied by or accepted in the courts of this State, and shall include every contact of sale or disposition of a security or interest in a security for value.
16. That Section 2.5a of the Act defines the term "Offer" to include every offer to sell or otherwise dispose of, or solicitation of an offer to purchase, a security or interest in a security for value; provided that the term "Offer" shall not include preliminary negotiations or agreements between an issuer and any underwriter or among underwriters who are or are to be in privity of contract with an issuer, or circulation or publication of an identifying statement or circular or preliminary prospectus, as defined by rules or regulations of the Secretary of State.
17. That the Respondent induced Illinois residents to purchase said securities as detailed and documented in the Department's pleadings and Exhibits without first having registered the securities with the Illinois Secretary of State as is required by the Act. The foregoing actions, representations, and/or omissions tended to work a fraud upon Illinois purchasers, were untrue or misleading of material facts, and were made to obtain money from Illinois purchasers.
18. That Section 12.A of the Act provides that it shall be a violation of the Act for any person to offer or sell any security except in accordance with the provisions of the Act.

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19. That Section 12.D. of the Act provides that it shall be a violation of the Act for any person to fail to file with the Secretary of State any application, report or document required to be filed under any provision of the Act.
20. That Section 12.G. of the Act provides that it shall be a violation of the Act for any person to obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.
21. That by virtue of the foregoing, the Respondent has violated Sections 12.A, 12.D and 12.G of the Act.
22. That Section 11.E(2) of the Act provides that if the Secretary of State shall find that any person has violated subsections D and/or G of Section 12 of the Act, the Secretary of State may by written order temporarily or permanently prohibit or suspend the person from offering or selling any securities in this State, provided that any person who is the subject of an order of permanent prohibition may petition the Secretary of State for a hearing to present evidence of rehabilitation or change of circumstances justifying the amendment or termination of the order of permanent prohibition.
23. That Section 11.E.(3) of the Act provides that if the Secretary of State shall find that any person is engaging or has engaged in the business of selling or offering for sale securities as a dealer or salesperson without prior thereto and at the time thereof having complied with the registration or notice filing requirements of this Act, the Secretary of State may by written order prohibit the person from offering or selling any securities in this State.
24. That Section 11.E(4) of the act provides that in addition to any other sanction or remedy contained in subsection E, the Secretary of State may, after finding that any provision of this Act has been violated, impose a fine as provided by rule, regulations or order not to exceed \$10,000.00 for each violation of the Act, and may issue an order of public censure against the violator.

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25. That the entry of a final written Order of Public Censure, Permanent Prohibition and a Fine is proper in this Matter, given the conduct of the Respondent as described in the pleadings and Secretary of State Exhibits No. 1-25.

WHEREAS, the following proposed Conclusions of Law are correct and are adopted by the Secretary of State as follows:

1. The actions, representations, and/or omissions of the Respondent made in connection with the failure to offer or sell any security in accordance with the provisions of the Act are violations of Section 12.A of the Act. The actions, representations, and/or omissions of the Respondent made in connection with the failure to file required documents with the Secretary of State are violations of Section 12.D of the Act. The actions, representations, and/or omissions of the Respondent which were untrue or misleading of material facts and were made to obtain money from Illinois purchasers are violations of Section 12.G of the Act.
2. Because of the Findings of this Order, the pleadings, and the Exhibits admitted as Secretary of State Exhibits No. 1-25, the Respondent is subject to the entry of a final written Order that permanently prohibits the Respondent pursuant to Sections 11.E(2) and 11.E(3) of the Act from offering or selling securities in the State of Illinois, imposes a fine pursuant to Section 11.E(4) of the Act not to exceed \$10,000.00 for each violation of the Act, publicly censures the Respondent in this Matter, and grants such other relief as may be authorized under the Act.

NOW THEREFORE, IT IS HEREBY ORDERED THAT:

1. The Respondent shall be permanently prohibited from offering and selling securities in the State of Illinois;
2. The Respondent shall be publicly censured, and;
3. The Respondent shall pay a fine in the amount of \$1,500 within 15 days from the date of entry of this Order.

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ENTERED: This 6<sup>th</sup> day of December, 2006



Jesse White  
Secretary of State  
State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of the Section 12.D of the Act. Any person or entity who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of the Order, shall be guilty of a Class 4 felony.

This is a final order subject to administrative review pursuant to the Administrative Review Law, [735 ILCS 5/3-101 et seq.] and the Rules and Regulations of the Illinois Securities Act, [14 Ill. Admin. Code Ch. I, Section 130.1123]. Any action for Judicial Review must be commenced within thirty-five (35) days from the date a copy of this Order is served upon the party seeking review.

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