

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

**IN THE MATTER OF: MICHAEL ROBERT VILIM**

**FILE NO. 0600098**

**ORDER OF PROHIBITION**

**TO THE RESPONDENT:** Michael Robert Vilim  
816 Royal St. George Dr.  
Naperville, Illinois 60563

Michael Robert Vilim  
Will County Jail  
95 South Chicago  
Joliet, IL 60435

WHEREAS, the above-captioned matter came to be heard on September 11, 2007, pursuant to the Amended Notice of Hearing dated January 18, 2007, filed by Petitioner Secretary of State, and the record of the matter under the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") 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 Fact, Conclusions of Law and Recommendations of the Hearing Officer, James L. Kopecky, Esq., in the above-captioned matter have been read and examined.

WHEREAS, the proposed Findings of Fact of the Hearing Officer are correct in part and incorrect in part and are hereby adopted as modified as the Findings of Fact of the Secretary of State:

1. The Department properly served the Amended Notice of Hearing on Respondent Vilim on or about January 18, 2007.
2. The Respondent failed to answer, appear, or submit a responsive pleading.

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3. The Respondent did not appear at the Hearing.
4. Michael Robert Vilim (or "Respondent") is an individual whose last known address is 816 Royal St. George Dr., Naperville, Illinois 60563.
5. Respondent met David McRoberts ("McRoberts") in January 2003. Respondent told McRoberts that he was a daytrader, and that he believed the company Honeywell ("HON") was going to be bought out and the stock would appreciate significantly. Respondent informed McRoberts that he was going to buy single stock futures in HON, and he solicited McRoberts to give him funds to invest in HON.
6. On or around April 14, 2003, McRoberts gave Respondent a \$50,000.00 cashiers check to invest in HON stock. At this time, the HON stock was valued at \$26 dollars per share.
7. In or around January 2004, when HON stock was valued at \$38 dollars per share, McRoberts instructed Respondent to sell HON and purchase RELM, which was trading at or near \$2 dollars per share. Respondent took the order and subsequently confirmed to McRoberts that he had sold the HON at \$38 and purchased RELM shares at \$2 as instructed.
8. Respondent Michael Robert Vilim failed to register with the Secretary of State as a securities Salesperson and Dealer as required by the Act and that as a result he was not registered pursuant to Section 8 of the Act prior to his offer to purchase or sell securities issued by another person on behalf of the Illinois Investor in the State of Illinois.
9. Notwithstanding Respondent's assurances and confirmations, Respondent did not purchase HON for McRoberts, did not sell HON at \$38, and did not purchase RELM at \$2. Instead Respondent converted the McRobert's \$50,000.00, and used it for his own benefit.

WHEREAS, the Secretary of State makes the following additional Findings of Fact based upon the uncontroverted testimony, admitted at the Hearing and subject to Conclusion of Law 4.c., of David McRoberts, David M'Lady, and Richard Diaz; and supported by Exhibits D1, D2, E, and G1 through G4 that were admitted into evidence at the Hearing:

10. On or around January 16, 2004, Respondent solicited a second check from McRoberts in the amount of \$50,000.00 [EX. D2], which was to be used to purchase RELM stock. [Testimony of David McRoberts]

11. Respondent initially represented to McRoberts that due to 9/11 laws he could not get McRobert's money back. Respondent later told McRoberts that some guy in Chinatown had the money. [Testimony of David McRoberts]
12. Around January 2004, Respondent approached David M'Lady ("M'Lady"). Respondent told M'Lady that he was a daytrader and solicited M'Lady to give him funds to invest in HON and RELM stock. [Testimony of David M'Lady]
13. On or around January 22, 2004, M'Lady gave Respondent a \$25,000.00 cashiers check [EX. E] to invest in RELM stock. [Testimony of David M'Lady]
14. Respondent represented to M'Lady that he had sent the money to Switzerland and could not get it back; M'Lady has lost the entire \$25,000.00. [Testimony of David M'Lady]
15. Department Senior Investigator Richard Diaz testified that after his review of the records [EXHIBITS D1, D2, E, and G1 through G4], he concluded that Respondent did not use McRoberts' or M'Lady's funds to purchase HON or RELM stock. Rather, he used the funds for his own personal uses. [Testimony of Richard Diaz]

WHEREAS, the proposed Conclusions of Law made by the Hearing Officer are correct in part and incorrect in part and are hereby adopted as modified as the Conclusions of Law of the Secretary of State:

1. The Department properly served the Amended Notice of Hearing on Respondent Michael Vilim on or about January 18, 2007.
2. The Notice of Hearing included the information required under Section 1102 of the Code.
3. The Secretary of State has jurisdiction over the subject matter hereof pursuant to the Act.
4. Because of Respondent's failure to file a timely answer, special appearance or other responsive pleading in accordance with Section 130.1104:
  - a. the allegations contained in the Amended Notice of Hearing are deemed admitted;

- b. Respondent waived his right to a hearing.
  - c. Respondent is subject to an Order of Default.
5. Because the Respondent failed to appear at the time and place set for hearing, in accordance with Section 130.1109 of the Rules, he:
- a. waived his right to present evidence, argue, object or cross examine witnesses; or
  - b. otherwise participate at the Hearing.
6. Respondent's conduct, as set forth in paragraphs 1 through 9 of the proposed Findings of Fact, constitutes the offer and sale of a security and the activities of a Dealer and a Salesperson, pursuant to Sections 2.5a, 2.5, 2.1, 2.7, and 2.9 of the Illinois Securities Law of 1953 (815 ILCS 5) (the "Act").
7. Section 12.A of the Act provides it shall be a violation of the provisions of this Act for any person to offer or sell any security except in accordance with the provisions of this Act.
8. Section 12.C of the Act provides that it shall be a violation of the provisions of this Act for any person to act as a dealer or salesperson unless registered as such, where such registration is required, under the provisions of this Act.
9. Section 12.D of the Act provides that it shall be a violation of the provision so of this Act for any person to fail to file with the Secretary of State any application, report or document required to be filed under the provisions of this Act or any rule or regulation made by the Secretary of State pursuant to this Act or to fail to comply with the terms of any order of the Secretary of State issued pursuant to Section 11 hereof.
10. Section 12.F of the Act provides that it shall be a violation of the provisions of this Act for any person to engage in any transaction, practice or course of business in connection with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof.
11. Section 12.G of the Act provides that it shall be a violation of the provisions of this Act for any person to obtain money or property through the sale of securities by means of any untrue statement of a

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material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

12. Section 12.I of the Act provides that it shall be a violation of the provisions of this Act for any person to employ any device, scheme or artifice to defraud in connection with the sale or purchase of any security, directly or indirectly.
13. Respondent's conduct, as set forth in paragraphs 1 through 9 of the proposed Findings of Fact, constitutes the offer and sale of a security and the activities of a Dealer and a Salesperson, pursuant to Sections 2.5a, 2.5, 2.1, 2.7, and 2.9 of the Illinois Securities Law of 1953 (815 ILCS 5) (the "Act").
14. The Respondent, Michael Robert Vilim, has violated Sections 12.A, C, D, F, G, and I of the Act.
15. Section 11.E(2) of the Act provides, *inter alia*, if the Secretary of State shall find that any person has violated sub-section C, D, F, G, or I of Section 12 of this Act, the Secretary of State may by written order permanently prohibit or suspend the person from offering or selling any securities, any mineral investment contract, or any mineral deferred delivery contract 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 in circumstances justifying the amendment or termination of the order or permanent prohibition.
16. The Respondent, Michael Robert Vilim, is subject to an order of permanent prohibition from offering or selling any securities in the this state pursuant to Section 11.F(2) of the Act.
17. Section 11.E(4) of the Act provides, inter alia, that in addition to any other sanction or remedy contained in this subsection E, the Secretary of State, after finding that any provision of this Act has been violated, may impose a fine as provided by rule, regulation or order not to exceed \$10,000, for each violation of this Act, may issue an order of public censure against the violator, and may charge as costs of investigation all reasonable expenses, including attorney's fees and witness fees.

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18. The Respondent, Michael Robert Vilim, is subject to a fine, censure and costs of investigation pursuant to Section 11.E(4) of the Act.

WHEREAS, the Hearing Officer recommended that:

1. An order of default be entered against Respondent, Michael Robert Vilim.
2. An order be entered permanently prohibiting Respondent Michael Robert Vilim from selling or offering for sale securities in the State of Illinois.

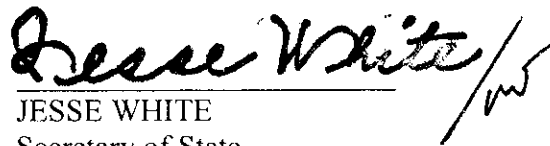
WHEREAS, the Hearing Officer found the Respondent in default and recommended that the Secretary of State PROHIBIT Respondent Michael Robert Vilim from offering or selling securities in the state of Illinois; and the Department accepts the recommendation of the Hearing Officer.

WHEREAS, the Secretary of State in addition has determined based upon the Findings of Fact and Conclusions of Law that an Order shall be entered permanently PROHIBITING Respondent Michael Robert Vilim from offering or selling securities in the State of Illinois

NOW THEREFORE, IT SHALL BE AND IS HEREBY ORDERED THAT:

1. Respondent Michael Robert Vilim is **PROHIBITED** from selling or offering for sale securities in the State of Illinois.

ENTERED: This 24<sup>th</sup> day of January 2008.

  
JESSE WHITE  
Secretary of State  
State of Illinois

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 Act (14 Ill. Admin. Code, Ch. 1 Sec. 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.

Jay A. Biondo

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