

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

IN THE MATTER OF: HUGH BENJAMIN DENEAL

No. 0800408

ORDER OF PROHIBITION

TO THE RESPONDENT: Hugh Benjamin DeNeal  
9 East Haven Drive  
Apartment 2A  
Carbondale, Illinois 62901

WHEREAS, a Temporary Order of Prohibition was issued by the Secretary of State on March 26, 2009, prohibiting Hugh Benjamin DeNeal from offering or selling securities in the State of Illinois until further order of the Secretary of State.

WHEREAS, pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5/1 et seq.] (the "Act"), the failure to request a hearing within thirty days of the entry of the Temporary Order of Prohibition shall constitute a sufficient basis to make the Temporary Order final.

WHEREAS, Hugh Benjamin DeNeal has failed to request a hearing on the matters contained in the said Temporary Order within thirty days of the entry of said Temporary Order and is hereby deemed to have admitted the facts alleged in the said Temporary Order.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Findings of Fact contained in the said Temporary Order as the Secretary of State's final Findings of Fact as follows:

1. That Respondent, Hugh Benjamin DeNeal is an individual with last known addresses of 9 East Haven Drive, Apartment 2A, Carbondale, Illinois 62901;
2. That during the months of March through October, 2006, Respondent Hugh Benjamin DeNeal offered and sold an investment plan to multiple investors in which he solicited investments in his purported t-shirt business, representing that the investor's funds would be invested in Respondent's t-shirt business and that investors would receive a return of up to 180% a month for a minimum investment of \$100;
3. That in order to invest in the aforesaid investment plan, Respondent required investors to open an "E-Gold" and/or "E-Bullion" account, from which the Respondent would require

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- the investor to transfer money from the investor's aforesaid account into Respondent's account in order to invest in the aforesaid investment plan;
4. That during the months of September and October, 2006, Respondent Hugh Benjamin DeNeal offered and sold the aforementioned investment plan to JS in which JS invested in Respondent's purported t-shirt business called "Printvest" and Respondent promised JS a return of 80% per month, for a total investment of \$19,989;
  5. That JS did not receive the amount of return promised by Respondent;
  6. That during the month of September, 2006, Respondent Hugh Benjamin De Neal offered and sold an investment plan to CJ in which CJ invested in Respondent's purported print and bulk garment business called "Hyippylove" and Respondent promised CJ a return of 80% as well as the return of principal by October 14, 2006, for a total investment of \$24,921;
  7. That as of this date, CJ has not receive a return of her principal nor a full 80% return on her investment as promised by Respondent;
  8. That each of the aforesaid investment plans were part of a ponzi scheme, in that the investor's money did not in fact earn a return of up to 180% per month as represented, but rather, the Respondent paid the original investors with money Respondent obtained from other subsequent investors; furthermore, Respondent used a portion of said funds for personal use, including, but not limited to, gambling activities;
  9. That as recently as January, 2008, Respondent continued to make representations to investors that they would receive their full return on their investment;
  10. That as of March 26, 2009, Respondent's web page appears on the internet stating that Respondent operated a small silkscreen shop, that Respondent sold blank t-shirts to other printers and embroiderers, that Respondent took private investments but ran into difficulties with suppliers and merchant accounts, that Respondent has found some quality suppliers and needs "to raise more funding" and that he has "customers with money in hand";

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11. That each of the above investment plans is an investment contract and therefore a security as that term is defined pursuant to Section 2.1. of the Illinois Securities Law of 1953 [815 ILCS 5/1 et seq.] (the "Act");
12. That Section 5 of the Act provides, inter alia, that all securities except those exempt under Section 3 of the Act 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 Section 12.A of the Act provides, inter alia, that it shall be a violation of the Act for any person to offer or sell securities except in accordance with the provisions of the Act;
14. That Section 12.D of the Act provides, inter alia, that it shall be a violation of the Act for any person to fail to file with the Secretary of State any document or application required to be filed under the provision of the Act;
15. That Section 12.G of the Act provides, inter alia, 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 the light of the circumstances under which they were made, not misleading;
16. That at all times relevant hereto, Respondent Hugh Benjamin DeNeal obtained money or property through the offer or sale of securities by means of any untrue statement of a material fact or any omission to state a material fact in that Respondent represented that the funds from multiple investors, including JS and CJ, would be invested in Respondent's t-shirt business and that the investors would earn up to 180% return per month, when in fact the aforesaid investment plan was a ponzi scheme, in that the investor's money did not in fact earn a return of up to 180% as represented, but rather, the Respondent paid the original investors with money Respondent obtained from other subsequent investors; furthermore, Respondent used a portion of said funds for personal use, including, but not limited to, gambling activities;
17. That at all times relevant hereto, Respondent Hugh Benjamin DeNeal failed to file an application for registration of the above-referenced securities with the Secretary of State prior to their offer or sale in the State of Illinois;

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18. That Section 11.F(2) of the Act provides, inter alia, that the Respondent's failure to request a hearing within 30 days after the date of the entry of the Temporary Order shall constitute an admission of any facts alleged therein and shall constitute sufficient basis to make the Temporary Order final;

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Conclusions of Law contained in the said Temporary Order as the Secretary of State's final Conclusions of Law as follows:

1. That by virtue of the foregoing, Respondent Hugh Benjamin DeNeal has violated Sections 12.A, 12.D and 12.G of the Act;
2. That by virtue of the foregoing, Respondent Hugh Benjamin DeNeal is subject to an Order which permanently prohibits Respondent from offering or selling securities in the State of Illinois.

NOW THEREFORE, IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, Hugh Benjamin DeNeal is hereby permanently prohibited from offering or selling securities in the State of Illinois.

ENTERED: This 4<sup>th</sup> day of May, 2009

Jesse White  
Jesse White  
Secretary of State  
State of Illinois

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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

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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.

Attorney for the Secretary of State:  
Johan Schripsema  
Illinois Securities Department  
350 Seright, Suite C  
Harrisburg, Illinois 62946  
Telephone: (618) 253-2007