



## Temporary Order of Prohibition

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Gelsco, with a principal value of approximately Eight Million Dollars (\$8,000,000.00).

5. The Notes offered and sold to the Illinois residents by Scott promised interest rates between twelve (12) percent to fifty (50) percent interest with varying maturities as short as two weeks.
6. The activities described above constitute the offer and sale of a Note and therefore a security as those terms are defined in Sections 2.1, 2.5, and 2.5a of the Illinois Securities Law of 1953 [815 ILCS 5/1 *et. seq.*] (the "Act").
7. Section 5 of the Act provides, *inter alia*, that all securities except those exempt under Section 3 or those offered or sold in transactions exempt under Section 4 "shall be registered either by coordination or by qualification prior to their offer or sale" in the State of Illinois.
8. Respondents failed to file with the Secretary of State an application for registration of the securities described above as required by the Act and, as a result, the security was not registered pursuant to Section 5 of the Act prior to its offer in the State of Illinois.
9. Section 12.A of the Act provides, *inter alia*, that it shall be a violation for any person "to offer or sell any security except in accordance with the provisions of the Act."
10. Section 12.D of the Act provides, *inter alia*, that it shall be a violation 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 the Act or any rule or regulation made by the Secretary of State pursuant to the Act."
11. By virtue of the foregoing, Respondents violated Sections 12.A and 12.D of the Act.

### Count II

#### FRAUD IN THE SALE OF SECURITIES

- 1-7. That paragraphs one (1) through six (6) of Count I are re-alleged and incorporated herein as paragraphs one (1) through seven (7) of this Count II.
8. Respondent engaged in a "Ponzi Scheme" in which he took investors money on the premises that he was using the money to refurbish/re-build and re-sell copy machines, however the investors money was used to pay prior investors and not used to invest in the business of refurbishing copy machines.
9. That Respondent offered substantially high interest rates and compounded by the short turn around time of the investment.
10. That Section 12.F of the Act provides that it shall be a violation of the Act for any person to engage in any transaction, practice or course of business

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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. That Section 12.C 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 the light of the circumstances in which they were made, not misleading.
12. That by virtue of the forgoing, respondent violated Section 12.F and Section 12.G of the Act.

**Count III**

**UNREGISTERED DEALER/SALESPERSON**

- 1-7. That paragraphs one (1) through six (6) of Count III are re-alleged and incorporated herein as paragraphs one (1) through seven (7) of this Count III.
8. Through the conduct described in paragraphs three (3) through five (5), the respondent acted as a dealer and/or salesperson for the sale of copious promissory notes to investors.
9. That 12.C of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to act as a dealer, salesperson, investment advisor, or investment advisor representative, unless registered such, where such registration is required under this Act.
10. That at all relevant times, the respondent was not registered as a dealer and/or salesperson under the Act.
11. That by acting as a salesperson and/or dealer in the State of Illinois, without being registered as such, respondent violated section 12.C of the Act.
12. The aforementioned findings are based upon credible evidence.
13. Section 11.F(2) of the Act provides, *inter alia*, that the Secretary of State may temporarily prohibit the offer or sale of securities by any person, without notice and prior hearing, if the Secretary of State shall deem it necessary to prevent an imminent violation of the Act or to prevent losses to investors that will occur as a result of prior violations of the Act.

The entry of this **Temporary Order of Prohibition** prohibiting Respondents, or their agents, affiliates, successors and employees, from offering or selling securities in the State of Illinois is in the public interest and for the protection of the investing public and is consistent with the purposes intended by the provisions of the Act.

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NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, Respondents; Matthew Scott and Gelsco, his/its partners, members, officers, directors, agents, employees, affiliates, successors and assigns, are **Temporarily Prohibited** from offering or selling securities in or from this State until the further Order of the Secretary of State.

NOTICE is hereby given that Respondent may request a hearing on this matter by transmitting such request in writing to the Director, Illinois Securities Department, 69 West Washington Street, Suite 1220, Chicago, Illinois 60602. Such request must be made within thirty (30) calendar days of the date of entry of the **Temporary Order of Prohibition**. Upon receipt of a request for hearing, a hearing will be scheduled as soon as reasonably practicable. A request for hearing will not stop the effectiveness of this Temporary Order of Prohibition and will extend the effectiveness of this Temporary Order of Prohibition for ninety (90) days from the date the hearing request is received by the Department.

FAILURE BY ANY RESPONDENT TO REQUEST A HEARING WITHIN THIRTY (30) CALENDAR DAYS AFTER ENTRY OF THIS TEMPORARY ORDER OF PROHIBITION SHALL CONSTITUTE AN ADMISSION OF ANY FACTS ALLEGED HEREIN AND SHALL CONSTITUTE SUFFICIENT BASIS TO MAKE THIS TEMPORARY ORDER OF PROHIBITION FINAL.

Dated: This 28<sup>th</sup> day of May 2009.



JESSE WHITE  
Secretary of State  
State of Illinois

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