

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

**IN THE MATTER OF: FARMARAZ "MARIO" AZODINIA;)
EUGENE C. BEYER;)
AND PINNACLE INVESTMENT GROUP LLC)**

File No. C1000215

NOTICE OF HEARING

TO THE RESPONDENTS: FARMARAZ "MARIO" AZODINIA
6351 W. Montrose, Apt 256
Chicago, Illinois 60634.

PINNACLE INVESTMENT GROUP LLC
Attn: Farmaraz "Mario" Azodinia
6351 W. Montrose, Apt 256
Chicago, Illinois 60634

Eugene C. Bayer
1594 N. St. Andrew Drive
Vernon Hills, Illinois 60061

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") and 14 Ill. Adm. Code 130, Subpart K, a public hearing will be held at 69 West Washington Street, Suite 1220, Chicago, Illinois 60602, on March 8, 2012, at the hour of 10:00 a.m. or as soon as possible thereafter, before James Kopecky or such other duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether an Order shall be entered prohibiting Farmaraz "Mario" Azodinia, Eugene C. Bayer and Pinnacle Investment Group LLC, from offering, advising the sale of, and selling securities in the State of Illinois, and/or granting such other relief as may be authorized under the Act including but not limited to the imposition of a monetary fine in the maximum amount pursuant to Section 11.E(4) of the Act, payable within ten (10) business days of the entry of the Order.

The grounds for such proposed action are as follows:

BACKGROUND FACTS

1. Pinnacle Investment Group LLC (“Respondent Pinnacle” or collectively with Respondents Farmaraz “Mario” Azodinia and Eugene C. Bayer, “Respondents”) was an Illinois corporation. Its last known address is 1055 W, Bryn Mawr, Suite F-290, Chicago, Illinois 60660.
2. Farmaraz “Mario” Azodinia (“Respondent Azodinia” or collectively with Respondents Pinnacle and Eugene C. Bayer, “Respondents”) was the sole “manager” of Respondent Pinnacle. His last known address is 6351 W. Montrose, Apt 256, Chicago, Illinois 60634.
3. Eugene C. Bayer (“Respondent Bayer” or collectively with Respondents Pinnacle and Azodinia, “Respondents”) was a salesperson for Respondent Pinnacle. His last known address is 1594 N. St Andrew Drive, Vernon Hills, Illinois 60061.
4. Between October 2007 and January 2008, Respondent Azodinia issued on behalf of Respondent Pinnacle Investment Group, LLC, promissory notes that promised investors 10-20 percent rates of return due within one year of the investment (“Notes” or “Note”).

BACKGROUND FACTS COMMON TO ALL COUNTS

5. Investor DP and Investor SP (or collectively “Complainants”) are residents of the State of Illinois.
6. In or around October 2007, Respondent Bayer approached Investor DP and Investor SP regarding investing with Respondent Azodinia. Complainants had known Respondent Bayer for a number of years prior to their investment.
7. According to Complainants they would give the check or checks they intended to invest directly to Respondent Bayer who in turn would provide them a receipt of their investments within a couple of days.
8. On or about October 19, 2007, on behalf of Respondent Pinnacle, Respondent Azodinia sold a \$20,000.00 20% promissory note to Investor DP, with principal and interest due in one year. In exchange, DP gave to Respondent Bayer a check in the amount of \$20,000.00, which was deposited into Respondent’s account at New City Bank.
9. On or about February 8, 2008, on behalf of Respondent Pinnacle, Respondent Azodinia sold a \$50,000.00 20% promissory note to Investor SP, with principal

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and interest due in one year. In exchange, SP gave to Respondent Bayer a check in the amount of \$50,000.00, which was deposited into Respondent Pinnacles' account at U.S. Bank.

10. On or about March 11, 2008, on behalf of Respondent Pinnacle, Respondent Azondinia sold a \$25,000.00 10% promissory note to Investor DP, with principal and interest due in 90 days. In exchange, DP gave to Respondent Bayer three checks totaling \$17,500.00 and \$7,500.00 cash, which were deposited into Respondent Pinnacle's account at U.S. Bank.
11. On or about March 25, 2008, on behalf of Respondent Pinnacle, Respondent Azodinia sold a \$50,000.00 20% promissory note to Investor SP, with principal and interest due in ten months. In exchange, SP gave to Respondent Bayer a check in the amount of \$50,000.00, which was deposited into Respondent Pinnacles' account at U. S. Bank.
12. On or about April 23, 2008, on behalf of Respondent Pinnacle, Respondent Azodinia sold a \$50,000.00 20% promissory note to Investor DP, with principal and interest due in one year. In exchange, DP gave to Respondent Bayer a check in the amount of \$50,000.00, which was deposited into Respondent Pinnacles' account at U. S. Bank.
13. From on or about January 2008 through October 2008, Respondent Azodina transferred and/or withdrew approximately \$125,300.00 from Respondent Pinnacle's bank account.
14. From on or about January 2008 through October 2008, Respondent Azodina paid approximately \$163,694 to several American Express credit card accounts using funds from Respondent Pinnacle's bank account.
15. From on or about January 2008 through October 2008, Respondents Azodina and Pinnacle paid approximately \$51,300.00 as "commission" to Respondent Bayer using funds from Respondent Pinnacle's bank account.
16. According to Investors, Respondents told them that the investor funds would be used to for earnest money to purchase property.
17. To date, despite demands, the Respondents have failed to pay the investors their principal and interest, pursuant to the terms of the promissory notes.
18. To date, despite demands, Investors have not received monies back from their investments, pursuant to the terms of the promissory notes.
19. That the activities set forth in paragraphs above constitute the offer and sale of Notes, and therefore a security, as those terms are defined in Section 2.1, 2.5 and 2.5a of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*

COUNT I

**815 ILCS 5/12.A and D violations: Respondents offered and/or sold
unregistered securities**

- 1-19. The Illinois Secretary of State re-alleges and incorporates paragraphs 1 through 19 above, as paragraphs 1 through 19 of this Count I.
20. Section 12.A of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, (the “Act”) states that 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.”
21. 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.
22. Section 12.D of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, states that it shall be a violation of the provisions of the Act for any person to “fail to file with the Secretary of State any application, report or document 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.
23. Respondents failed to file an application for registration of the above-referenced securities with the Secretary of State and as a result, the securities were not registered pursuant to Section 5 of the Act prior to their offer and sale in the State of Illinois.
24. By virtue of the foregoing, Respondents violated Sections 12.A and 12.D of the Act.

COUNT II

**815 ILCS 5/12.C violation: Respondents are
unregistered salespersons**

- 1-19. The Illinois Secretary of State re-alleges and incorporates paragraphs 1 through 19 of Count I, as paragraphs 1 through 19 of this Count II.
20. The activities of Respondent Bayer at paragraphs 5-19 constitute the activities of a salesperson as defined at Section 2.9 of the Act.

21. Section 12.C of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, (the “Act”) states that it shall be a violation of the provisions of this Act for any person to “act as a dealer, salesperson, investment adviser, or investment adviser representative, unless registered as such, where such registration is required, under the provisions of this Act.”
22. Section 8 of the Act provides, *inter alia*, that except as otherwise provided, every dealer, limited Canadian dealer, salesperson investment adviser, and investment adviser representative shall be registered as such with the Secretary of State.
23. The facts alleged in paragraphs 1 through 22, demonstrate that Respondent Bayer violated Section 12.C of the Act. In particular: Respondent Bayer failed to file an application for registration as a salesperson with the Secretary of State, pursuant to Section 8 of the Act prior to the sale of securities to investors.
24. By virtue of the foregoing, Respondent Bayer violated Section 12.C of the Act.

COUNT III

**815 ILCS 5/12.F violation: Respondents engaged
in practices in connection with the sale of securities
that worked a fraud or deceit
on the purchaser thereof**

- 1-19. The Illinois Secretary of State re-alleges and incorporates paragraphs 1 through 19 of Count I, as paragraphs 1 through 19 of this Count III.
20. Section 12.F of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, states that it shall be a violation of the provisions of the 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.”
21. The facts alleged in paragraphs 1 through 20 above allege facts that show conduct by the Respondents that violate Section 12.F of the Act. In particular: Respondents did not invest Complainants’ funds for the benefit of Complainants and instead, Respondents converted Complainants’ money for Respondents’ own personal use and benefit. In particular, Respondents transferred approximately \$125,300.00 to Respondent Azodinia’s personal accounts; Respondents transferred approximately \$51,300 to Respondent Bayer’s account; and Respondent Azodinia issued checks totaling \$163,694 from the Respondent Lakeland account to American Express.

COUNT IV

**815 ILCS 5/12.G violations: Respondents obtained
Complainants' money by making
untrue statement of material fact
and omission to state a material fact**

- 1-19. The Illinois Secretary of State re-alleges and incorporates paragraphs 1 through 19 of Count I, as paragraphs 1 through 19 of this Count IV.
20. Section 12.G of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, states that it shall be a violation of the provisions 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. The facts alleged in paragraphs 1 through 20 above allege facts that show conduct by the Respondents that violate Section 12.G of the Act. In particular: Respondents represented that the Complainants' funds would be used as earnest money to purchase property. Instead, Respondents converted Complainants' money for their own personal use and benefit.

COUNT V

**815 ILCS 5/12.I violation: Respondent employed a
scheme to defraud in connection with the sale of securities**

- 1-19. The Illinois Secretary of State re-alleges and incorporates paragraphs 1 through 19 of Count I, as paragraphs 1 through 19 of this Count V.
20. Section 12.I of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, states that it shall be a violation of the provisions of the 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.”
21. The facts alleged in paragraphs 1 through 20 above allege facts that show conduct by the Respondents that violate Section 12.I of the Act. In particular: Respondents solicited and sold promissory notes to Complainants purporting that the Complainants' funds would be used as earnest money to purchase property. Instead, Respondents converted Complainants' money for Respondents' own personal use and benefit.

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You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 Ill. Adm. Code 130) (the "Rules"), to file an answer to the allegations outlined above within thirty (30) days of the receipt of this Notice. A failure to file an answer within the prescribed time shall be construed as an admission of the allegations contained in the Notice of Hearing.

Furthermore, you may be requested by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute default, unless any Respondent has upon due notice moved for and obtained a continuance.

A copy of the Rules, promulgated under the Act and pertaining to hearings held by the Office of the Secretary of State, Securities Department, is included with this Notice.

Delivery of Notice to the designated representative of any Respondent constitutes service upon such Respondent.

Dated: This 19th day of January 2012.



JESSE WHITE
Secretary of State
State of Illinois

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