STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: KENNETH PAUL VINCENZO , SR.,) **and AGNES R. VINCENZO, individually,)** **and doing business as)** **VINCENZO INVESTMENTS, INC.)**	**File No. 1100188**

NOTICE OF HEARING

TO RESPONDENTS:

Kenneth Paul Vincenzo
284 Lorraine Circle
Bloomingdale, IL 60108

Agnes R. Vincenzo
284 Lorraine Circle
Bloomingdale, IL 60108

Vincenzo Investments, Inc.
284 Lorraine Circle
Bloomingdale, IL 60108

You are hereby notified that a public hearing will be held at the office of the Illinois Securities Department, 69 W. Washington Street – Suite 1220, in Chicago, Illinois 60602, on June 5, 2012, at 2:00 p.m., or as soon thereafter as possible before Illinois Secretary of State Hearing Officer Soula J. Spyropoulos, or such other hearing officer who shall be presiding at that time. This Notice of Hearing is made in accordance with sections 11.E and F of the Illinois Securities Law of 1953 [815 ILCS 5/11.E and F] ("Act") and Subpart K of the Rules and Regulations under the Illinois Securities Law of 1953. 814 Ill. Adm. Code 130, Subpart K.

The hearing will be held to determine whether an order should be entered that would permanently prohibit each of the Respondents from selling securities or offering securities for sale in the state of Illinois; permanently prohibit each from acting as a investment adviser, investment adviser representative, and federal covered investment adviser in Illinois; impose fines of up to $10,000.00 for each of the violations alleged below; charge each as costs of investigations all reasonable expense, including attorney's fees and witness fees [815 ILCS 5/11.E(1), (2), (3), and (4); 5/2.1, 5/2.5, and 5/2.5a; and 5/12.F, G, and I]; and grant any other relief authorized by the Act.

NATURE OF CASE

Beginning in September 2009, Respondents Kenneth "Ken" Paul Vincenzo, Sr., his wife Agnes R. Vincenzo, and their purported investment company used two promissory notes to defraud a friend of Kenneth Vincenzo out of $17,000. In offering and selling the notes, the Respondents withheld significant information about their backgrounds that any investor would want to know before investing with them. They withheld the facts that within a five-month period in 1992, they first jointly filed for personal bankruptcy, and Kenneth Vincenzo then pled guilty to bank fraud involving the manipulation of more than $3 million and restitution to victims of nearly half a million dollars.

After failing to disclose this information about their business and personal financial backgrounds, the Respondents failed to live up to the terms of their agreement with the investor. Respondent Kenneth Vincenzo promised to repay the notes within one or two weeks. After the final note became due, the Respondents made one partial payment of the money due the investor, but then put the investor off for months with promises to pay the $17,000 balance, until the investor realized he would never recover his investment.

FACTS

1. The events described in this Notice took place during the period from the fall of 2009 into 2010.

2. Investor #1 is an individual who lived in Illinois.

3. Respondent Kenneth "Ken" Paul Vincenzo, Sr. ("Respondent Vincenzo"), is an individual who represented to Investor #1 that he lived at 284 Lorraine Circle in Bloomingdale, IL 60108. Investor #1 visited Vincenzo at that address.

4. The last known address Respondent Vincenzo reported to the Illinois Secretary of State as his residence to obtain a driver's license is the Bloomingdale, Illinois, address.

5. Respondent Agnes R. Vincenzo is an individual who was the Respondent's wife. Her last known address is the Bloomingdale address.

6. Vincenzo Investments, Inc., is the name of a company Respondent Vincenzo held out to Investor #1 as an investment business operating from the Bloomingdale address.

7. On information and belief, the last known addresses of the Vincenzos and Vincenzo Investments is 284 Lorraine Circle in Bloomingdale, IL 60108.

8. Under Illinois law, only business entities organized as corporations are permitted to use the term "Inc." in their name. Vincenzo Investments, Inc., has never been organized as a domestic corporation under Illinois law, nor is it registered in Illinois as a foreign corporation.

9. Investor #1 and Respondent Vincenzo met at Investor #1's place of business in or around 2005. By October 2009, they had done business with each other at Investor #1's place of business for some five years. The business the men conducted at the investor's place of business was not related to investing.

10. During this five-year period, Investor #1 observed that Respondent Vincenzo always faithfully paid for the services he received from the investor's company. As a result of Vincenzo's business conduct and the length of time the two men had known each other, Investor #1 believed he and Respondent Vincenzo had become friends, and he trusted Respondent Vincenzo.

11. Beginning in or around September 2009, Respondent Vincenzo met with Investor #1 several times in Elmhurst, Illinois, to persuade the investor to invest in the Respondent's business of seeking investors to purchase and resell repossessed truck trailers and trailers whose original leases had ended. Vincenzo told the investor he conducted this investment business through his company Vincenzo Investments, Inc. Respondent said investors invested in this business by purchasing promissory notes. Respondent Vincenzo said he used the funds from the notes to purchase and resell the vehicles.

12. Respondent Vincenzo said he would use the funds from the promissory note to purchase a truck trailer, resell the trailer, and repay the investor his entire investment funds plus $1,500. Vincenzo said he would pay the promissory note and the $1,500 within a week or two.

13. During these meetings, Investor #1 several times told Respondent Vincenzo the investor could not afford to lose his money in a risky investment and was worried that something might go wrong and cause him to lose his savings. In response, Vincenzo said he had sold his own daughter the same promissory notes he was offering the investor. On at least two occasions, Vincenzo told the investor, "You're not going to lose it [referring to the investor's investment funds]. It's guaranteed. There's no risk; the trailers are pre-sold." But, Vincenzo said, the investor needed to "act now."

14. Based on these communications, on October 2, 2009, Respondent Vincenzo and his wife, Respondent Agnes R. Vincenzo, offered and sold Investor #1 a promissory note in Elmhurst, Illinois.

15. Investor #1 invested in the vehicle purchase and resale business by giving Respondent Vincenzo a cashier's check in the amount of $10,500. Respondent Vincenzo gave the

investor a note erroneously made out in a higher amount, $11,500. The note was signed by both Respondents.

16. At Respondent Vincenzo's direction, the investor made the check payable to an entity named "ABC." Vincenzo did not explain why he wanted the check made out to ABC, but he previously had told the investor he owned a used-car business named ABC.

17. Several weeks later, Respondent Vincenzo told Investor #1 that all was going well with the trailer sales business, and that the investor should invest another $10,500 promissory note in the trailer purchase-resell business.

18. Based on these communications, on October 21, 2009, Respondent Vincenzo and Agnes Vincenzo offered and sold Investor #1 a second promissory note signed by both Respondents. Like the first, this transaction occurred in Elmhurst, Illinois.

19. Investor #1 gave Respondent Vincenzo a cashier's check, again made out to ABC, in the amount of $10,500. He assumed the note Respondent Vincenzo gave him in return was a new note for $10,500.

20. In fact, however, the written terms of the Respondents' new promissory note rolled the earlier promissory note obligation into the new note, for a single promissory note totaling $21,000. The strategy of rolling the obligations of the first note into the second note permitted the Respondents to continue using Investor #1's investment funds in the first note, along with the funds invested in the second note.

21. For the next nine months to a year, Respondent Vincenzo would contact Investor #1 with periodic updates on the status of the promissory note payment. Vincenzo said payment had been delayed because Vincenzo had used the promissory note funds in a transaction involving the seller of a trailer whose payment funds had been frozen in an FBI money-laundering investigation.

22. After about nine months to a year, Respondent Vincenzo stopped contacting Investor #1 with reports on the status of the investor's investment. Investor #1 began telephoning Vincenzo about his investment.

23 Initially, Respondent Vincenzo took Investor #1's calls. He then began avoiding the investor's calls, and Respondent Agnes Vincenzo began responding to the investor's requests for information.

24. Over the following months, Respondent Agnes Vincenzo responded to the investor's calls for status by reporting on legal problems the Respondents claimed to be experiencing in obtaining payment from the trailer seller who supposedly was the target of an FBI investigation.

25. During Investor #1's initial contacts with Respondent Agnes Vincenzo, she took the investor's telephone calls and put the investor off with promises of payment within the next few weeks from the trailer seller in the FBI money-laundering investigation, or from the sale of other trailers.

26. As months passed, neither Respondent Kenneth or Agnes Vincenzo took Investor #1's telephone calls. The investor's only contacts then with the Respondents were voice-mail messages he left them, to which they did not respond.

27. On or about November 19, 2011, the Respondents paid Investor #1 $4,000.00, leaving a balance of $17,000.00 of his original investment.

28. As of April 2, 2012, the Respondents have never repaid the $17,000.00 balance due Investor #1, or the $3,000.00 payment due him for the use of his funds.

FRAUDULENT TRANSACTIONS AND FAILURES TO DISCLOSE in violation of Sections 12.F, 12.G, and 12.I of the Act

Respondents Ken and Agnes Vincenzo sold the investor securities without disclosing material facts about the Vincenzos' business and personal financial backgrounds.

29. When Respondents Kenneth and Agnes Vincenzo offered and sold Investor #1 the two promissory notes, the Respondents failed to disclose that: (a) Kenneth Vincenzo had pled guilty and been convicted of bank fraud involving a business he operated; and (b) both Respondents had filed for personal bankruptcy. These failures to disclose were:

    (a) Transactions, practices, or courses of business by the Respondents that worked or tended to work a fraud or deceit on Investor #1.
    (b) Omissions by the Respondents to state material facts necessary to avoid misleading Investor #1 about the risks of investing with the Respondents.

30. When the Respondents offered and sold Investor #1 the two promissory notes, they failed to disclose that:

    (a) Both Vincenzos jointly filed for bankruptcy on May 20, 1992. *In re Debtors Kenneth Paul [Sr.] and Agnes R. Vincenzo.* N.D. Illinois, Case No. 1:92-bk-11386.

    (b) Less than five months later, on October 16, 1992, Respondent Vincenzo pled guilty in federal court to bank fraud involving more than $3 million. Vincenzo moved the funds through an automotive auction business he operated. On March 18, 1993, he was sentenced to twenty-one months of imprisonment for this offense, and was ordered to make restitution to victims totaling nearly half a million dollars. *U.S. v. Vincenzo,* N.D. Illinois, Case No. 1:92-cr-00847 (1993).

31. These failures to disclose were material to Investor #1, that is, necessary to keep the statements Respondent Vincenzo did make to the investor from being misleading.

32. A reasonable investor would consider these omitted facts to be material in evaluating the competence, integrity, and business reputations of the persons who will be managing the investment. A reasonable investor also would consider material those managers' willingness and ability to manage their own personal financial affairs, as well as the financial affairs of the enterprise in which the investor was determining whether to invest.

33. Because of the Respondents' conduct described in this Notice and their relationship with each other and Vincenzo Investments, they both knew or should have known they both were obligated to pay Investor #1 according to the terms of the promissory notes they signed.

34. The two promissory notes Respondent Vincenzo offered and sold Investor #1 were securities, as the term "security" is defined in Section 2.1 of the Illinois Securities Law of 1953, as amended ("Act").

35. Each of the Respondents' offers and sales of the profit-sharing agreements were offers and sales of securities, as the terms "offer" and "sale" are defined in sections 2.5 and 2.5a of the Act.

36. Section 12.F of the Act provides it is a violation of the Act 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.

37. The Respondents' failures to disclose their bankruptcy and Kenneth Vincenzo's financial fraud conviction each were transactions, practices, or courses of business in connection with the sale or purchase of securities which worked or tended to work a fraud or deceit upon Investor #1. Each failure to disclose is a separate violation of Section 12.F.

38. Section 12.G of the Act provides it is a violation of the Act to obtain money or property through the sale of securities by means of any untrue statement of a material fact or any material fact or any omission to state a material fact necessary in order to keep the statements made, in the light of the circumstances under which they were made, from being misleading.

39. The Respondents obtained money from Investor #1 twice by means of omissions to disclose their bankruptcy and the financial fraud conviction. These omitted facts were necessary to keep the statements the Respondents made from being misleading. Each time the Respondents obtained money from the investor by means of these omissions is a separate violation of Section 12.G

40. Section 12.I of the Act provides it is a violation of the Act to employ any device, scheme, or artifice to defraud in connection with the sale or purchase of any security, directly or indirectly.

41. The Respondents employed the device, scheme, or artifice of withholding material information about how they handled their personal financial affairs and the financial fraud conviction, in connection with their sales of the two promissory notes to Investor #1. Each time the Respondents employed these fraudulent practices is a separate violation of Section 12.I.

NOTICE TO RESPONDENTS: You are required to file an answer, special appearance, or other pleading responsive to the allegations outlined above in writing within thirty days of service of this Notice of Hearing addressed to:

Bernadette Cole
Enforcement Attorney
Illinois Securities Department
Office of the Secretary of State of Illinois
69 W. Washington St. – Suite 1220
Chicago, Illinois 60602
Telephone: 312.793.9642

Your failure to file a responsive pleading within thirty days of service of this Notice on you shall be construed as an admission of the allegations in this Notice, and waives your right to this hearing.

You may appear personally on your own behalf, or be represented by an attorney. You or your attorney may present evidence; cross-examine witnesses, and otherwise participate in this proceeding. Your failure to appear at this hearing constitutes a default, unless you or your attorney, upon due notice, has moved for and obtained a continuance.

A copy of the Rules and Regulations promulgated under the Illinois Securities Law and pertaining to hearings held by the Illinois Securities Department, Office of the Secretary of State, are available at the Department's website at:

http://www.cyberdriveillinois.com/departments/securities/lawrules.html.

Entered: This 2nd day of April, 2012.

Jesse White

JESSE WHITE
Secretary of State
State of Illinois

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