

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

IN THE MATTER OF:)	
DARCEY L. FOLKERTS,)	
ROBERT McAVOY,)	No 1000038
AND)	
FULL CIRCLE STRATEGIES, LTD.)	
AND)	
MEGA CASH FLOW INVESTMENTS, INC,)	
their partners, officers and directors, agents,)	
employees, affiliates, members, successors and assigns)	

ORDER OF PROHIBITION AND FINE

TO RESPONDENTS:

**Darcey L. Folkerts,
Robert McAvoy
Full Circle Strategies, Ltd.
and
Mega Cash Flow Investments, Inc.
17550 Williamsburg Drive
Plainfield, Illinois 60586**

WHEREAS, the above-captioned matter came on to be heard on April 18, 2012 pursuant to Amended Notice of Hearing dated March 1, 2012 and served on Respondents through the Secretary of State Index Department after certified mail efforts were unsuccessful, 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 Kopecky, Esq., in the above-captioned matter have been read and examined.

I. Notice of Hearing

On March 1, 2012, the Department issued an Amended Notice of Hearing in this matter. The Department served the Notice of Hearing on Respondents by certified mail/return-receipt requested and by the Secretary of State Index Department. The Amended Notice of Hearing scheduled a hearing to take place on April 18, 2012, at the office of the Department at 69 W. Washington, Suite 1220, in Chicago, Illinois.

II. The Hearing

The Hearing Officer opened the record at 10:15 a.m. on April 18, 2012. The Department retained a court reporter to record the hearing. Accordingly, a complete and accurate transcript of the hearing is available, and this Report is intended only to be a summary. To the extent that a statement in the transcript appears inconsistent with the summary, the transcript controls. This summary contains testimony and interpretations of that testimony. The Department retained the original transcript and exhibits.

Enforcement Attorney James Tierney appeared at the hearing on behalf of the Department. No one was present on behalf of Respondent.

Enforcement Attorney Tierney gave a brief opening statement during which he described what he believed the evidence would show. He stated that Respondents failed to register securities and defrauded two separate husband and wife investor groups. The Respondents defrauded the investors out of about \$130,000, according to Mr. Tierney.

Mr. Tierney next presented the Hearing Officer with the following Exhibits:

- Exhibit 1 The Amended Notice of Hearing;
- Exhibit 2 Certified mail receipts to Respondents dated March 1, 2012 and unclaimed;
- Exhibit 3 Affidavit of Service on Respondents through the Secretary of State Index Service.

The Department then brought a motion pursuant to Section 1104 of the Code requesting that the Hearing Officer recommend that the allegations contained in the Notice of Hearing be deemed admitted and that the Hearing Officer recommend that the Respondents be held in default for failing to file a timely answer, special appearance or other responsive pleading. At the same time, the Department also made a motion pursuant to Section 1109 of the Code requesting that the Hearing Officer recommend a finding of default and entry of an appropriate

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order based on Respondents' failure to appear at the time and place scheduled for the hearing. In support of its motion, the Department offered, and asked that the Hearing Officer take notice of, its Exhibits 1, 2, and 3, which verified service upon Respondents. Accordingly, the Hearing Officer took judicial notice of Exhibits 1, 2, and 3, and granted the Department's motions under Sections 1104 and 1109 of the Code.

The Department then sought to prove up the allegations in the Notice of Hearing. The Court reporter then swore the only witness, Department of Securities Investigator Robert Grogan. Mr. Grogan testified that he investigated this matter and in doing so, interviewed the complainants and reviewed various bank records, corporate certifications and other documents. The Department took Mr. Grogan through those documents.

First, the Department's Exhibit 4, which Mr. Grogan identified as a State of Illinois, Secretary of State Certificate of Dissolution of Mega Cash Flow Investments, Inc. Next, Mr. Grogan identified Exhibit 5 as a State of Illinois, Secretary of State Certificate of Dissolution of Full Circle Strategies, Ltd. Exhibit 6, Mr. Grogan testified, consisted of a Certification by the Illinois Secretary of State that its records did not disclose a registration of securities issued or issuable by Mega Cash Flow Investments, Inc., Darcey L. Folkerts or Robert McAvoy.

Mr. Grogan then described the Department's Exhibit 7 as a true and accurate copy of the document titled "Joint Venture Agreement." Exhibit 7, Mr. Grogan testified, constituted Mr. William O'Donovan's agreement with Mega Cash Flow Investments, Inc. Mr. O'Donovan invested \$50,000 for the foreclosed or short sale real estate deals and McAvoy promised him a 14% guaranteed return on his investment. Mr. O'Donovan told Mr. Grogan that in January 2007 he met McAvoy and McAvoy told him of his ideas to buy and improve and resell properties for profit. O'Donovan met McAvoy in Hickory Hills and visited a property with him. O'Donovan then gave McAvoy \$50,000 and has not received any funds in return.

Mr. Grogan then described the Department's Exhibit 8 as a group of bank records from West Suburban bank for the account of Mega Cash Flow Investments. The records show a deposit of \$50,000 on February 3, 2007, the day after O'Donovan gave McAvoy a check for \$50,000. The records also contain a copy of O'Donovan's check endorsed by McAvoy on behalf of Mega Cash Flow Investments. The records show that over the following weeks McAvoy or one of his companies, Home Service Plus, withdrew large sums of money. The records give no indication that Respondents used O'Donovan's investment for real estate. Mr. Grogan determined that Respondents used the investment for purposes other than promised under their agreement with O'Donovan.

Next, Mr. Grogan testified that the Department's Exhibit 9 is an Illinois Secretary of State Certification that its records do not disclose a registration of securities issued or issuable by Full Circle Strategies, Ltd., Darcey L. Folkerts, and Robert McAvoy.

Exhibit 10, Mr. Grogan testified, contained the Joint Venture Agreement between Dooyoung Jin and Full Circle Strategies Ltd. The contract called for the investor, Jin, to invest \$80,000 in a banking platform that would provide him a 10% return in a set number of days. The money, according to McAvoy's representations to Jin, was to be placed in a federal escrow

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account in the investors name for 13 weeks then returned to the investor with 10% interest. The Jin received only \$8,000 back from Respondents.

Mr. Grogan received the Department's Exhibit 11, which contained the bank records of Full Circle for the period April to September, 2011. The records show the Jin's \$80,000 investment was deposited into the account and include a copy of the check. The records reveal that the Respondents then used the funds for everyday living expenses and some business expenses. The records also show transfers to other McAvoy controlled accounts. Exhibit 12, according to Grogan, is TCF bank records containing checks from Full Circle Strategies Ltd. to individuals and entities of Folkerts but no checks toward a banking platform or anything close. Mr. Grogan gave examples of checks to individuals and to Home Foreclosures Solutions, to Elm Pearls, LLC, Shurs, LLC and checks payable to Robert McAvoy, Darcey Folkerts, and cash. Grogan saw no evidence of an investment in a banking platform.

The Department rested.

WHEREAS, the following proposed Findings of Fact of the Hearing Officer are correct, and are hereby adopted as Findings of Fact of the Secretary of State:

III. Proposed Findings of Fact

Based on the evidence presented, the Hearing Officer finds that:

1. The Department served Respondents with an Amended Notice of Hearing on or about March 6, 2012.
2. The Respondents failed to answer, appear, or submit a responsive pleading.
3. The Respondents did not appear at the Hearing.
4. Respondent Darcey L. Folkerts (also "Folkerts" or collectively with Robert McAvoy, and Mega Cash Flow Investments, Inc "Respondents") has a last known address of 17550 Williamsburg Drive, Plainfield, Illinois 60586.
5. Respondent Robert McAvoy (also "McAvoy" or collectively with Folkerts, and Mega Cash Flow Investments, Inc., "Respondents") has a last known address of 17550 Williamsburg Drive, Plainfield, Illinois 60586.
6. Respondent Mega Cash Flow Investments, Inc. (also "Mega" or collectively with Folkerts, and McAvoy, "Respondents") at all relevant times herein was an Illinois corporation that was involuntarily dissolved on November 9, 2007; and has a last known address of 17550 Williamsburg Drive, Plainfield, Illinois 60586.
7. McAvoy was a director and the president and registered agent of Mega.
8. Folkerts was an officer and agent of Mega.

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9. In January 2007 McAvoy and Folkerts solicited at least one Illinois resident (“Investor #1”) to enter into a written “Joint Venture Agreement” (“Agreement #1”) with McAvoy and Folkerts in which Investor #1 would invest \$50,000 in Mega, and in consideration Respondents McAvoy, Folkerts and Mega promised to use the money to “find and purchase properties”, and to provide other services necessary to repair, advertise and market the properties for sale.
10. McAvoy and Folkerts promised, *inter alia*, that Investor #1 was to be paid 14% interest per annum with the first payment due in January 2008, and the principal of \$50,000 to be repaid thereafter.
11. On February 2, 2007 Investor #1 gave McAvoy, Folkerts and Mega a check in the amount of \$50,000 payable to “Mega Cash Investments, Inc”; and the check was endorsed by McAvoy, deposited by Respondents into Respondents’ bank, and payment was on the check consummated.
12. Respondents failed to file with the Secretary of State an application for registration of the securities described above as required by the Act and that 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.
13. Respondents McAvoy, Folkerts and Mega did not “find and purchase properties”, and failed to provide other services necessary to repair, advertise and market the properties for sale, according to the terms of the investment contract, but instead converted Investor #1’s \$50,000 to their own personal and other business use and benefit.
14. Respondents McAvoy, Folkerts and Mega failed and refused to notify Investor #1 that they were converting the \$50,000 to their own use and benefit, instead of using it as promised for the business purpose to “find and purchase properties”, and to repair, advertise and market the properties for sale.
15. Respondent Full Circle Strategies, Ltd. (also “Full Circle” or collectively with Folkerts, and McAvoy, “Respondents”) at all relevant times herein was an Illinois limited liability company that was involuntarily dissolved on March 11, 2011; and has a last known address of 17550 Williamsburg Drive, Plainfield, Illinois 60586.
16. In April, 2009 McAvoy and Folkerts solicited at least one Illinois residents (“Investor #2”) to enter into a written “Joint Venture Agreement” (“Agreement”) with Respondents in which Investor #2 would invest \$80,000 in Full Circle and the Respondents would use the money to “arrange for the acquisition of a banking platform” and to “manage the banking platform” and to “collect income” and to provide other collateral services regarding the banking platform.

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17. On April 17, 2009 Investor #2 gave Respondents a check in the amount of \$80,000 payable to "Full Circle Strategies, Ltd" in exchange for Respondents' promise to establish and operate a "banking platform" and to pay 10% interest and principal in 4 months.
18. The \$80,000 check was endorsed by Folkerts, deposited by Respondents into Respondents' bank, and payment on the check was consummated.
19. Respondents failed to file with the Secretary of State an application for registration of the securities described above as required by the Act and that 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.
20. Respondents McAvoy, Folkerts and Full Circle did not, according to the terms of the investment contract, "arrange for the acquisition of a banking platform" or "manage the banking platform" or "collect income" or provide other collateral services regarding the promised banking platform.
21. Instead Respondents paid Investor #2 only \$8,000, and then converted Investor #2's principal of \$80,000 to their own personal and other business use and benefit.
22. Respondents McAvoy, Folkerts and Full Circle failed and refused to notify Investor #2 that they were converting the \$80,000 to their own use and benefit, instead of using it for the business purpose as promised to "arrange for the acquisition of a banking platform" and to "manage the banking platform" and to "collect income" and to provide other collateral services regarding the banking platform.

IV. Proposed Conclusions of Law

Based on the evidence presented and an application of the law to those facts, the Hearing Officer concludes:

1. The Department properly served the Amended Notice of Hearing on Respondents.
2. The Amended Notice of Hearing included the information required under Section 1102 of the Code.
3. The Secretary of State has jurisdiction over the subject matter pursuant to the Act.
4. Because of Respondents failure to file a timely answer, special appearance or other responsive pleading in accordance with Section 13.1104:

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- (a) the allegations contained in the Notice of Hearing are deemed admitted;
 - (b) Respondent waived their right to a hearing;
 - (c) Respondent is subject to an Order of Default.
5. Because the Respondents failed to appear at the time and place set for hearing, in accordance with Section 130.1109, he:
- (a) waived their right to present evidence, argue, object or cross examine witnesses; or
 - (b) otherwise participate at the hearing.
6. Section 5 of the Act provides, *inter alia* that all securities except those exempt under Section 3 or those offered and sold under Section 4 shall be registered either by coordination or by qualification prior to their offer or sale in the State of Illinois.
7. Section 12.A of the Act provides *inter alia* that it shall be a violation for any person to offer and sell any security except in accordance with the provisions of the Act.
8. 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.
9. Section 12.F of the Act provides, *inter alia*, that it shall be a violation 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".
10. 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 light of the circumstances under which they were made, not misleading".
11. Section 12.I of the Act provides, *inter alia*, that it shall be a violation 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".

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12. The activities described above in the proposed findings of fact above constitute the offer and sale of an investment contract and are 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] (the "Act").
13. By virtue of the foregoing proposed findings of fact above, Respondents violated Sections 12.A, 12.D, 12.F, 12.G and 12.I of the Act.

V. Recommendations as to Disposition

The Hearing Officer recommends that:

1. An Order of default be entered against Respondent Darcey L. Folkerts and the allegations in the Amended Notice of Hearing be deemed admitted.
2. An Order of default be entered against Respondent Robert McAvoy and the allegations in the Amended Notice of Hearing be deemed admitted.
3. An Order of default be entered against Respondent Full Circle Strategies, Ltd. and the allegations in the Amended Notice of Hearing be deemed admitted.
4. An Order of default be entered against Respondent Mega Cash Flow Investments, Inc. and the allegations in the Amended Notice of Hearing be deemed admitted.
5. A Permanent Order of Prohibition be entered prohibiting Respondents Darcey L. Folkerts, Robert McAvoy, Full Circle Strategies, Ltd. and Mega Cash Flow Investments, Inc. and their partners, officers and directors, agents and employees, affiliates, members, successors and assigns from offering or selling securities in or from the State of Illinois.
6. Each Respondent be fined individually, and not jointly, \$20,000.

NOW THEREFORE IT IS HEREBY ORDERED THAT:

1. An Order of default is entered against Respondent Darcey L. Folkerts and the allegations in the Amended Notice of Hearing are deemed admitted.
2. An Order of default is entered against Respondent Robert McAvoy and the allegations in the Amended Notice of Hearing are deemed admitted.
3. An Order of default is entered against Respondent Full Circle Strategies, Ltd. and the allegations in the Amended Notice of Hearing are deemed admitted.
4. An Order of default is entered against Respondent Mega Cash Flow Investments, Inc. and the allegations in the Amended Notice of Hearing are deemed admitted.

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5. A Permanent Order of Prohibition is entered prohibiting Respondents Darcey L. Folkerts, Robert McAvoy, Full Circle Strategies, Ltd. and Mega Cash Flow Investments, Inc. and their partners, officers and directors, agents and employees, affiliates, members, successors and assigns from offering or selling securities in or from the State of Illinois.
6. Each Respondent is fined individually, and not jointly, \$20,000.

NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12.D of the Act. Any person or entity that fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of this Order, shall be guilty of a Class 4 felony for each offense.

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.

ENTERED this 11th day of July, 2012.

A handwritten signature in black ink that reads "Jesse White" with a stylized monogram "JRW" to the right.

JESSE WHITE
Secretary of State
State of Illinois

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