

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

**IN THE MATTER OF: ANDREW V. DUNGEY;
AND DRAGON FIRE SOLUTIONS**

File No. C0800566

NOTICE OF HEARING

TO THE RESPONDENTS: DRAGON FIRE SOLUTIONS
c/o Andrew V. Dungey
1180 Lexington Drive
Bartlett, Illinois 60103

ANDREW V. DUNGEY
1180 Lexington Drive
Bartlett, Illinois 60103

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 February 15, 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 Andrew V. Dungey and Dragon Fire Solutions 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. Dragon Fire Solutions ("Respondent Dragon Fire" or collectively with Respondent Andrew V. Dungey, "Respondents") was an Illinois corporation. Its last known address is 1180 Lexington Drive, Bartlett, Illinois 60103.

2. Andrew V. Dungey (“Respondent Dungey” or collectively with Respondent Dragon Fire, “Respondents”) was the president of Respondent Dragon Fire at all relevant times herein. His last known address is 1180 Lexington Drive, Bartlett, Illinois 60103.
3. Between May 2007 and July 2008, Respondent Dungey on behalf of Respondent Dragon Fire issued stock and stock sales agreements and promissory notes that promised investors a 12 percent rate of return due on any balance over 30 days (“Notes” or “Note”).

BACKGROUND FACTS COMMON TO ALL COUNTS

4. Investor GM and Investor DK are residents of the State of Illinois.
5. In or around May 2007, Respondent Dungey solicited investors to invest in Respondent Dragon Fire to market a fire retardant and extinguishing liquid.
6. On or about May 31, 2007, on behalf of Respondent Dragon Fire, Respondent Dungey offered and sold to Investor GM 15,000 shares of stock. In exchange, Investor GM gave to Respondent Dungey a check in the amount of \$6,000.00, payable to Dragon Fire Solutions, Inc.
7. On or about June 7, 2007, on behalf of Respondent Dragon Fire, Respondent Dungey offered and sold to Investor DK 1,000 shares of stock. In exchange, Investor DK gave to Respondent Dungey a check in the amount of \$6,000.00, payable to Dragon Fire Solutions, Inc.
8. On or about June 23, 2008, Respondent Dungey issued to Investor GM a stock sales agreement and promissory note, which promised to pay a 12 percent rate of return, 30 days after date of issue, replacing Investor GM’s previously purchased shares.
9. On or about August 4, 2008, Respondent Dungey issued to Investor DK a stock sales agreement and promissory note, which promised to pay a 12 percent rate of return, 30 days after date of issue, replacing Investor DK’s previously purchased shares.
10. From on or about June 2007 through December 2007, Respondent Dungey withdrew approximately \$8,300 from Respondent Dragon Fire’s bank account.
11. From on or about June 2007 through August 2008, Respondent Dungey made numerous personal and/or unrelated transactions using Respondent Dragon Fire’s bank account, totaling approximately \$16,460.

12. To date, despite demands, the Respondents have failed to pay the investors their principal and interest, pursuant to the terms of the Notes.
13. To date, despite demands, Investors have not received any monies back from their investments, pursuant to the terms of the Notes.
14. That the activities set forth in paragraphs above constitute the offer and sale of Notes and stocks, and therefore securities, 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 sold
unregistered securities

- 1-14. The Illinois Secretary of State re-alleges and incorporates paragraphs 1 through 14 above, as paragraphs 1 through 14 of this Count I.
15. 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.”
16. 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.
17. 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.
18. 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.
19. By virtue of the foregoing, Respondents violated Sections 12.A and 12.D of the Act.

COUNT II
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

- 1-14. The Illinois Secretary of State re-alleges and incorporates paragraphs 1 through 14 of Count I, as paragraphs 1 through 14 of this Count II.
15. 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.”
16. The facts alleged in paragraphs 1 through 15 above allege facts that show conduct by the Respondent Dungey that violate Section 12.F of the Act. In particular: Respondents did not invest Investors’ funds for the benefit of Investors. In particular, Respondent Dungey withdrew over \$8,300 of Investors’ funds from Respondent Dragon Fire’s bank account for his own personal use and benefit.
17. By virtue of the foregoing, Respondents violated Section 12.F of the Act.

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

- 1-14. The Illinois Secretary of State re-alleges and incorporates paragraphs 1 through 14 of Count I, as paragraphs 1 through 14 of this Count III.
15. 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.”
16. The facts alleged in paragraphs 1 through 15 above allege facts that show conduct by the Respondent Dungey that violate Section 12.G of the Act. In particular: Respondent Dungey represented to Investors that their funds would be used to develop a prospect list and demonstrate the product to fire protection agencies.

Instead, Respondent Dungey converted Investors' money for his own personal use and benefit.

17. By virtue of the foregoing, Respondent Dungey violated Section 12.G of the Act.

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 29th day of December 2011.



JESSE WHITE
Secretary of State
State of Illinois

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