

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: MATTHEWS LOGISTICS, LLC)
ITS OFFICERS, DIRECTORS,) File No. 0900255
EMPLOYEES, AFFILIATES, SUCCESSORS,)
AGENTS AND ASSIGNS,)
AND UDELL W. MATTHEWS)

ORDER OF PROHIBITION

TO THE RESPONDENTS: Udell W. Matthews
Matthews Logistics, LLC
P.O. Box 102
Greenville, Illinois 62246

WHEREAS, the record of the above captioned matter 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 Facts and Conclusions of Law and Recommendation of the Hearing officer, Jon K. Ellis, in the above-captioned matter have been read and examined;

WHEREAS, the following proposed Findings of Fact are correct and are adopted by the Secretary of State as follows:

1. The pleadings and exhibits have been offered and received from the Department and a proper record of all proceedings has been made and preserved as required by law.
2. The Hearing Officer has ruled on all motions and objections timely made and submitted.
3. The Hearing Officer and the Secretary of State Securities Department have jurisdiction over the parties herein and subject matter dealt with herein, due and proper notice having been previously given as required by statute in this Matter.
4. As no Answer was timely filed, the Respondent is therefore deemed to be in default.

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5. The Respondent Matthews Logistics, LLC is a purported business entity with a last known address of P.O. Box 102, Greenville, Illinois 62246.
6. At all times relevant, the Respondent Udell W. Matthews was an Officer, Director, agent or employee of Matthews Logistics, LLC.
7. On or about February 4, 2009, the Respondents Matthews Logistics, LLC, by and through its Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns, and Udell W. Matthews, offered and sold to LD, an Illinois resident, an investment plan in which the Respondents would purchase a warehouse in order to rent out warehouse space, and LD would receive at least \$15,000.00 profit in 30 days, for a total investment amount of \$25,000.00 in the form of a cashier's check made payable to the Respondent Udell W. Matthews.
8. The aforesaid cashier's check was subsequently co-signed by an individual named Sandra Merrifield, whose last known address is P.O. Box 102, Greenville, Illinois 62246.
9. On or about February 5, 2009, Sandra Merrifield signed a deposit slip to her personal account in Bank of America, Account 291000378981, thereby depositing \$22,000.00 of the aforesaid cashier's check funds in this aforesaid bank account and taking the remaining \$3,000.00 in cash.
10. The aforesaid bank account is an individual account, account type "MYACCESS CHECKING" with an account title of "Sandra L. Merrifield" and that the Respondent Udell W. Matthews does not appear on the bank account's personal signature card.
11. The Respondent Udell W. Matthews never disclosed to LD that Sandra Merrifield would be a co-signer to the aforementioned cashier's check, that a portion of the funds from said cashier's check would be taken by Sandra Merrifield in cash or that the remaining portion of said funds would be deposited in Sandra Merrifield's personal individual account.
12. On or about October 2, 2009, the Department sent the Respondents an inquiry letter pursuant to Section 11.C of

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the Act, to which the Respondents provided their response on November 5, 2009, at which time the Respondents stated that they "have never been and never will be involved in the offering of securities for sale or investments for any project to anyone for any reason."

13. During the month of November, 2009, the Respondent Udell W. Matthews contacted LD and advised LD that LD would not get her money back unless she wrote a letter to the Respondent Udell W. Matthews stating that the aforesaid funds were a loan rather than an investment; that during December, 2010, pursuant to the afore described instructions by the Respondent Udell W. Matthews to LD, LD wrote a letter to the Respondent Udell W. Matthews demanding the repayment of the aforesaid funds that she had "loaned" the Respondent Udell W. Matthews.
14. On or about April 16, 2010, the Department sent the Respondents a supplemental inquiry letter requiring a statement detailing the name, address and contact phone number of the individual who countersigned the aforesaid cashier's check; that the Respondents provided a response to this inquiry letter on May 12, 2010; in said response, the Respondent Udell W. Matthews provided only his own name and address and failed to identify Sandra Merrifield or her contact information as requested by the Department; the Respondent Udell W. Matthews further stated in this letter that the aforesaid funds given to him by LD was a "loan."
15. The aforesaid May 12, 2010, response also included a copy of the aforesaid December, 2010 letter from LD to the Respondent Udell W. Matthews.
16. Sometime in mid 2010, the Respondent Udell W. Matthews represented to an Illinois resident that the aforesaid money from LD was "invested" and that he had "invested" the aforesaid funds.
17. LD never received the aforesaid funds or return within the aforesaid 30 day time period as promised by the Respondents nor has she ever received a reimbursement or return of any kind from the aforesaid investment as of this date.

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18. That Section 2.1 of the Illinois Securities Law of 1953 [815 ILCS 5/1 et seq.] (the "Act") defines the term "Security" as any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit sharing agreement, collateral trust certificate, pre-organization certificate or subscription, transferable share, investment contract, investment fund share, face-amount certificate, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas or other mineral lease, right or royalty, any put, call, straddle, option, or privilege on any security, certificate of deposit or group or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option or privilege entered into on a national securities exchange relating to foreign currency, or, in general, any interest or instrument commonly known as a "Security", or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing. "Security" does not mean a mineral investment contract or a mineral deferred delivery contract; provided, however, the Department shall have authority to regulate these contracts as hereinafter provided.
19. The aforementioned investment plan is an investment contract, and therefore is a security as that term is defined pursuant to Section 2.1 of the Act.
20. 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.
21. Section 2.5 of the Act defines the term "Sale or Sell" to include the full meaning of that term as applied by or accepted in the courts of this State, and shall include every contract of sale or disposition of a security or interest in a security for value.
22. Section 2.5a of the Act defines the term "Offer" to include every offer to sell or otherwise dispose of, or solicitation of an offer to purchase, a security or

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interest in a security for value; provided that the term "Offer" shall not include preliminary negotiations or agreements between an issuer or any underwriter or among underwriters who are or are to be in privity of contract with an issuer, or the circulation or publication of an identifying statement or circular or preliminary prospectus, as defined by rules or regulations of the Secretary of State.

23. Section 12.A of the Act provides, inter alia, that it shall be a violation of the Act for any person to offer or sell any securities except in accordance with the provisions of the Act.
24. Section 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 or salesperson unless registered as such, where such registration is required.
25. Section 12.D of the Act provides, inter alia, that it shall be a violation of the Act for any person to fail to file with the Secretary of State any document or application required to be filed under the provisions of the Act.
26. Section 12.E of the Act provides, inter alia, that it shall be a violation of the Act for any person to make, or cause to be made in any application, report or document filed under this Act, any statement which was false or misleading with respect to any material fact.
27. 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 material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.
28. At all times relevant hereto, the Respondents Matthews Logistics, LLC, by and through its Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns, and Udell W. Matthews, failed to file an application for registration of the above-referenced securities with the Secretary of State prior to their offer or sale in the State of Illinois.

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29. At all times relevant hereto, the Respondents Matthews Logistics, LLC, by and through its Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns, and Udell W. Matthews, acted as a dealer and/or salesperson of securities while not being registered as such.

30. At all times relevant hereto, the Respondents Matthews Logistics, LLC, by and through its Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns, and Udell W. Matthews, made, or caused to be made, in a document filed under the Act, a statement which was false and/or misleading with respect to any material fact, in that the Respondents filed the aforesaid May 12, 2010, response to the Department's April 16, 2010, inquiry letter, which contained a letter that the Respondents represented was written to the Respondent Udell W. Mathews from LD and was held out by the Respondents to be a document written and composed solely and personally by LD, where in fact the Respondents instructed and directed LD to write the aforesaid letter which stated that the aforesaid funds were a loan rather than an investment and advised LD that if such a letter was not written, LD would not get her money back, that the Respondents so instructed LD to write said letter for the purpose of deceiving the Department and thereby attempted to convince the Department through this deception to close its investigation of the Respondents; furthermore, in his aforesaid May 12, 2010, response, the Respondent Udell W. Matthews failed to supply the name, address and phone number of Sandra Merrifield, the co-signer of the aforesaid cashier's check, as requested by said April 16, 2010, inquiry letter; furthermore, the Respondents stated in the aforesaid inquiry letter that the aforesaid investment funds were a loan, whereas in fact said funds were not a loan but were invested as evidenced by representations the Respondents made to both LD and an additional Illinois resident.

31. At all times relevant hereto, the Respondents Matthews Logistics, LLC, by and through its Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns, and Udell W. Matthews, obtained money through the sale of securities by means of an untrue statement of material fact or omission to state a material fact, by representing to LD that her investment fund would be used to purchase a warehouse in order to rent out warehouse

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space, and LD would receive at least \$15,000.00 profit in 30 days, where in fact the funds were instead given to an individual named Sandra Merrifield who co-signed the cashier's check and deposited the aforesaid funds in her personal checking account and took a portion said funds as cash, that the Respondent Udell W. Matthews never disclosed to LD that he would give said funds to Sandra Merrifield, and that LD never received reimbursement of, or any type of return on, her investment funds as represented by the Respondent Udell W. Matthews.

32. Section 11.E(2) of the Act provides, inter alia, that if the Secretary of State shall find that any person has violated subsection C, D, E and/or G of Section 12 of the Act, the Secretary of State may by written order prohibit the person from offering or selling any securities in this State.
33. Section 11.E(3) of the Act provides, inter alia, that if the Secretary of State shall find that any person is engaging or has engaged in the business of selling or offering for sale securities as a dealer or salesperson without prior thereto and at the time thereof having complied with the registration or notice filing requirements of the Act, the Secretary of State may by written order prohibit the person from offering or selling any securities in this State.
34. Section 11.E(4) of the Act provides, inter alia, that if the Secretary of State, after finding that any provision of the Act has been violated, may impose a fine as provided by rule, regulation or order not to exceed \$10,000.00 for each violation of the Act, as well as an order of public censure and the costs of investigation and reasonable expenses.
35. By virtue of the foregoing, the Respondents Matthews Logistics, LLC, by and through its Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns, and Udell W. Matthews, are subject to a fine up to \$10,000.00 per violation, costs of investigation, reasonable expenses, an order of censure, and an order which permanently prohibits the Respondents from offering or selling securities in the State of Illinois.
36. The entry of a final written order of permanent prohibition and a fine not to exceed \$10,000.00 per

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violation are proper in this Matter, given the conduct of the Respondents as described in Secretary of State Exhibit Nos. 1-15.

WHEREAS, the following proposed Conclusions of Law are correct and are adopted by the Secretary of State as follows:

1. The actions, representations, and/or omissions of the Respondent made in connection with the failure to offer or sell any security in accordance with the provisions of the Act are violations of Section 12.A of the Act. The actions, representations, and/or omissions of the Respondent made in connection with the failure to register as a dealer or salesperson as required by the Act are violations of Section 12.C of the Act. The actions, representations, and/or omissions of the Respondent made in connection with the failure to file required documents with the Secretary of State are violations of Section 12.D of the Act. The actions and representations of the Respondents made in connection with the making of false or misleading statements with respect to any material fact in any application, report or document filed with the Secretary of State are violations of Section 12.E of the Act. The actions, representations, and/or omissions of the Respondents made in connection with obtaining 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 under which they were made, not misleading are violations of section 12.G of the Act.
2. Because of the Findings of this Order and the Exhibits admitted as Secretary of State Exhibits Nos. 1-15, the Respondents are subject to the entry of a final written Order that permanently prohibits the Respondents pursuant to Sections 11.E(2) and 11.E(3) of the Act from offering or selling securities in the State of Illinois, imposes a fine pursuant to Section 11.E(4) of the Act not to exceed \$10,000.00 for each violation of the Act, and grants such other relief as may be authorized under the Act.

NOW THEREFORE, IT IS HEREBY ORDERED THAT:

1. The Respondents Matthews Logistics, LLC, by and through its Officers, Directors, Employees, Affiliates,

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Successors, Agents and Assigns, and Udell W. Matthews, shall be permanently prohibited from offering or selling securities in the State of Illinois.

2. The Respondents Matthews Logistics, LLC, by and through its Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns, and Udell W. Matthews, with joint and severable liability thereon, shall pay a fine in the amount of \$10,000.00 for violations of the Act.

ENTERED: This 17th day of June, 2011



Jesse White
Secretary of State
State of Illinois

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

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 Illinois Securities Act, [14 Ill. Admin. Code Ch. I, Section 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.

Attorney for the Secretary of State:
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