

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

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IN THE MATTER OF: RICHARD J. HEATH

) File No 1000242  
)

NOTICE OF HEARING

TO THE RESPONDENT: Richard J. Heath  
1208 Davis Avenue  
Johnson City, Illinois 62951

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953, [815 ILCS 5/1 et seq.] (the "Act") and 14 Ill. Adm. Code 130, Subpart K, a public hearing will be held at 300 West Jefferson Street, Suite 300A, Springfield, Illinois 62702, on the 20<sup>th</sup> day of April, 2011, at the hour of 10:00 a.m., or as soon thereafter as counsel may be heard, before Jon K. Ellis, or such other duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether an Order of Prohibition should be entered against Richard J. Heath (the "Respondent") in the State of Illinois and granting such other relief as may be authorized under the Act including but not limited to imposition of a monetary fine in the maximum amount pursuant to Section 11 of the Act, payable within ten (10) days of the entry of the Order.

The grounds for such proposed action are as follows:

1. That Respondent, Richard J. Heath, is an individual with a last known addresses of 1208 Davis Street, Johnson City, Illinois 62951;
2. That on or about September 4, 2007, Respondent Richard J. Heath offered and sold to MW a promissory note and/or investment contract in which MW gave Respondent \$100,000, and in return, Respondent promised to pay MW the original principal plus an additional \$100,000 at the time of the closing of a purported loan to purchase a purported entity called Sunnyfield Golf Club as well as monthly payments of 1% of all revenues of Sunnyfield Golf Club and real estate which was to be paid at the time Respondent took possession of the Sunnyfield Golf Club;
3. That on or about October 5, 2007, Respondent represented to MW that Respondent's attempt to obtain the aforesaid loan for Sunnyfield Golf Club was unsuccessful;

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4. That on or about May 7, 2009, Respondent Richard J. Heath offered and sold to MW a new promissory note and/or investment contract in which, for the same aforesaid \$100,000 that Respondent had previously received from MW, Respondent promised to pay MW the original principal plus an additional \$100,000 by June 17, 2009, as well as monthly payments of 1% of all revenues of a purported entity called the Itoh Country Club and associated real estate which was to be paid upon the Respondent taking possession of the Itoh Country Club;
5. That as of this date, MW has received no return of any kind from MW's aforesaid investment;
6. That in 1987, Respondent Richard J. Heath pleaded guilty to two counts of criminal fraudulent loan transactions in the U.S. Federal District Court, Southern District of Illinois, and was sentenced to 8 years in federal prison;
7. That Respondent never disclosed the aforesaid guilty plea to the aforesaid criminal fraudulent activity and related prison sentence to MW prior to or at the time of the aforesaid offer and sale of the aforesaid promissory notes;
8. That MW would not have entered into the aforesaid promissory notes had MW known about the aforesaid criminal conviction;
9. That the aforesaid promissory notes and/or investment contracts are securities as that term is defined pursuant to Section 2.1. of the Act;
10. That 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;
11. That 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 securities except in accordance with the provisions of the Act;

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12. That 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;
13. That 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;
14. That 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;
15. That at all times relevant hereto, Respondent Richard J. Heath failed to file an application for registration of the above-referenced security with the Secretary of State prior to their offer or sale in the State of Illinois;
16. That at all times relevant hereto, Respondent Richard J. Heath failed to file an application for registration as a dealer or salesperson for the sales of securities in the State of Illinois;
17. That at all times relevant hereto, Respondent Richard J. Heath acted as a dealer and/or salesperson of securities while not being registered as such;
18. That at all times relevant hereto, Respondent Richard J. Heath, 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 MW that MW would receive a return of MW's original principal as well as an additional return of \$100,000 by June 17, 2009, where in fact as of this date MW never received the original principal nor the additional aforesaid return; furthermore, Respondent failed to disclose Respondent's prior criminal record and/or conviction prior to or at the time of the aforesaid sale and purchase of the aforesaid securities;

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19. That by virtue of the foregoing, Respondent Richard J. Heath has violated Sections 12.A, 12.C, 12.D, and 12.G of the Act;
20. That 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 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;
21. That 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 this Act, the Secretary of State may by written order prohibit the person from offering or selling any securities in this State;
22. That 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;
23. That by virtue of the foregoing, Respondent Richard J. Heath is subject to a fine of up to \$10,000.00 per violation, costs of investigation, reasonable expenses, an order of censure, and an order which permanently prohibits the Respondent from offering or selling securities in the State of Illinois.

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 or a Special Appearance pursuant to Section 130.1107 of the Rules, or other responsive pleading within thirty days of the receipt of this notice. Your failure to do so within the prescribed time shall be deemed an admission of the allegations contained in the Notice of Hearing and waives your right to a hearing.


Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute default.

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

Dated this 23<sup>rd</sup> day of February, 2011.

  
Jesse White  
Secretary of State  
State of Illinois

Attorney for the Secretary of State:  
Johan Schripsema  
Illinois Securities Department  
350 Seright, Suite C  
Harrisburg, Illinois 62946  
Telephone (618) 253-2007

Hearing Officer:  
Jon K. Ellis  
1035 South 2<sup>nd</sup> Street  
Springfield, Illinois 62704  
Telephone (217) 528-6835  
Fax: (217) 528-6837