

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

IN THE MATTER OF:)
)
Diane Glatfelter,)
)
And K2 Unlimited, Inc.;) **File No. 10-00050**
)
And Robert S. Anderson;)
)
And E-Trust Clearing House.)

THIRD AMENDED NOTICE OF HEARING

TO THE RESPONDENTS: Diane Glatfelter
55 Glad Valley Drive
Billerica Massachusetts 01821-2616

K2 Unlimited Inc.
55 Glad Valley Drive
Billerica Massachusetts 01821-2616

Robert S. Anderson
275 North Hereford Lane
Madison Indiana 47250-7740

Robert S. Anderson
7655 S. Base Road
Commiskey Indiana 47227-9586

Robert S. Anderson
5554 North Scotts Ridge Road
Madison Indiana 47250-8715

E-Trust Clearing House
5554 North Scotts Ridge Road
Madison Indiana 47250-8715

c/o Paul J. Andrews, Esq.
4 Longfellow Place, 35th Floor
Boston, MA 02114

You are hereby notified, in accordance with Sections 11.E and F of the Illinois Securities Law of 1953 [815 ILCS 5/11.E and F] ("Act") and 14 Ill. Adm. Code 130, Subpart K, a public hearing will be held at the Secretary of State's office at 69 West Washington Street, Suite 1220, Chicago, Illinois 60602, on the 28th day of June, 2011 at the hour of 10:00 a.m. or as soon as possible thereafter, before Soula Spyropoulos or such other duly designated Hearing Officer of the Secretary of State.

At this hearing, the Illinois Securities Department of the Office of the Secretary of State shall seek entry of an order granting any or all of the following relief:

An Order Prohibiting Respondents Diane Glatfelter, K2 Unlimited Inc., Robert S. Anderson, and E-Trust Clearing House from offering or selling securities in or from the State of Illinois, in accordance with Sections 11.E(2) of the Act; and/or imposition of fines not to exceed \$10,000 against each Respondent for each violation of the Act described below; entry of orders of public censure against the Respondents; and charging as costs of investigation all reasonable expenses to the Respondents, including attorney's fees and witness fees, in accordance with Section 11.E(4) of the Act.

The grounds for this proposed action are as follows:

1. Diane Glatfelter ("Respondent Glatfelter") is an unregistered individual with an address of 55 Glad Valley Drive in Billerica Massachusetts.
2. K2 Unlimited Inc., ("Respondent K2") is a Massachusetts-based company with an address of 55 Glad Valley Drive in Billerica Massachusetts. Respondent Glatfelter is the CEO and President of K2 Unlimited, Inc.
3. Robert S. Anderson ("Respondent Anderson") is an unregistered individual with multiple addresses in the state of Indiana. Respondent Anderson is, or was, the President of E-Trust Clearing House.
4. E-Trust Clearing House ("Respondent E-Trust") is an asset management firm, chartered in Sweden with its principal place of business in Madison, Indiana.
5. Diane Glatfelter is, or was, also an employee or independent contractor of E-Trust Clearing House.
6. Illinois Investor ("Illinois Investor") is a registered limited liability company in the State of Illinois.
7. In or around April of 2009, Respondent Glatfelter met with Illinois Investor via email, phone and fax and offered the members the opportunity to invest in a Bank Guarantee Program. Respondent Glatfelter explained the investment would pool together investor funds in a joint venture to meet the minimum threshold required to qualify for the specific Bank Guarantee Program ("Bank Guarantee Program" or "Program"). The

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Program would extend for a ten-month period (“Investment Period”) during which interest would be paid. At the conclusion of the Investment Period, the principal invested in the Program would be returned and the interest accrued would be paid.

8. On April 15, 2009, Illinois Investor executed Memorandum Of Understanding And Profit/Trust Management Agreement with Respondent E-Trust Clearing House, as acknowledged and agreed by Respondent Anderson.
9. On April 16, 2009, at 11:21 A.M., Respondent Glatfelter confirmed to Illinois Investor that their wire for \$325k had been received by ING Bank in the Netherlands. It would take a few days for the trust account to be set up, then trading could begin.
10. On April 20, 2009, at 8:05 P.M., Respondent Glatfelter notified Illinois Investor that the trust was setting up a sub trust and, “is trying to leverage the funds so your returns can be that much greater through the use of gold.”
11. On April 21, 2009, at 12:18 P.M., Respondent Glatfelter notified Illinois Investor, “You will be able to view your account at <http://e-tch.com> [by the end of the week] . . . I was informed you will then make between 75% 140% per month for the next ten months. How the platform is doing this is by leveraging your funds with the backing of the gold owned by the platform owner [Respondent Anderson].”
12. On April 28, 2009, at 4:56:14 P.M. GMT US/Canada Central, Respondent Glatfelter notified Illinois Investor “It take about 3 weeks to leverage the funds (using the Platform’s gold) . . . (75% of initial deposit) by 5/15/09.” “The reason it has taken so long is that in order to leverage your funds, Robert Anderson has to travel to Arica to get the gold from the mine and then travel to Dubai where the gold is being smelted and Switzerland to have the credit line established for the platform”
13. On May 5, 2009, at 8:11 P.M. Respondent E-Trust’s password protected website reflected Illinois Investor’s initial investment of \$325,000 as a “New Account”, established May 5, 2009.
14. On June 6, 2009 at 3:24 P.M., Respondent E-Trust’s password protected website showed that Illinois Investor’s initial investment in the Program had accrued revenue in the amount of \$227,500 and the balance was now at \$552,500.
15. On October 16, 2009 at 8:11 P.M., Respondent E-Trust’s password protected website showed that Illinois Investor’s initial investment of \$325,000 in the Program had accrued a significant amount of revenue and the “current balance” and the “available balance” were each now at \$780,000.

RESPONDENTS SOLD UNREGISTERED SECURITIES IN THE STATE OF ILLINOIS

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16. The sale of the Bank Guarantee Program to Illinois Investor at paragraphs 6-11 constitutes an offer and sale of an Investment Contract and therefore a security according to Sections 2.1, 2.5 and 2.5a of the Act.
17. Pursuant to Sections 5, 6 and 7 of the Act, all securities that are offered or sold in the State of Illinois, except as otherwise set forth in Sections 2b, 3 or 4 of the Act, are required to be registered prior to their offer or sale in the State of Illinois.
18. Respondents failed to file an application with the Secretary of State to register the Program as required by the Act, and as a result the investment in the Bank Guarantee Program was not registered as such prior to its offer and sale in the State of Illinois.
19. That Section 12.A of the Act provides, *inter alia*, that it shall be a violation for any person to offer or sell any security except in accordance with the provisions of the Act.
20. That 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.”
21. By virtue of the foregoing, Respondents violated Sections 12.A and 12.D of the Act.

**FRAUD OR DECEIT, MISREPRESENTATIONS AND OMISSIONS, AND/OR A
DEVICE, SCHEME, ARTIFICE TO DEFRAUD**

22. On October 12, 2009, prior to the conclusion of Illinois Investor’s initial ten-month Investment Period, Respondent Glatfelter notified Illinois Investor that, “the gold transaction you were involved in stopped due to the gold being seized and all the turbulence over in Guinea. Over 2,000 people have been shot by the military. The Trust lost so much money on that transaction. Since you were involved in that, your investment was lost Unfortunately everything was lost.”
23. At no point, did Illinois Investor authorize its funds to be taken out of the Bank Guarantee Program and invested in gold mines in Guinea or elsewhere.
24. Respondents Glatfelter and K2, Respondents Anderson and E-Trust failed and refused to notify Illinois Investor that their funds would be converted from their original investment in the Bank Guarantee Program, and invested in gold mines in Guinea, or elsewhere. To the contrary, to the extent Respondent Anderson utilized gold to “leverage” their account, Illinois Investor was told the gold was personally removed from the mine by Respondent Anderson, taken to a smelter, and a line of credit established in a bank in Switzerland!
25. Notwithstanding their ostensible “current” and “available” balance on October 16, 2009 of \$780k, Illinois Investor has been unable to withdraw any funds from their account.

26. Section 12.F of the Act provides that it shall be a violation of the provisions of this Act for any person to engage in any transaction, practice or course of business in connection with the sale of purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof.
27. Section 12.G of the Act provides that it shall be a violation of the provisions of this 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.
28. Section 12.I of the Act provides that it shall be a violation of the provisions of this Act 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.
29. By virtue of the foregoing, Respondents violated Sections 12.F, 12.G and 12.I of the Act.

**RESPONDENTS ARE SUBJECT TO THE ENTRY OF AN ORDER OF
PROHIBITION, CENSURE AND FINE**

30. 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, F, F, G H, I, J or K of Section 12 of the Act, the Secretary of State may by written order permanently prohibit the person from offering or selling securities in this State.
31. Section 11.E(4) of the Act provides inter alia, that in addition to any other remedy in subsection E, the Secretary of State, after finding that any provision of the Act has been violated, may impose a fine imposed by rule, regulation or order not to exceed \$10,000 for each violation, may issue an order of public censure against the violator, and may charge as costs of investigation all reasonable expenses, including attorney's fees and witness fees.
32. By virtue of the foregoing, Respondents are subject to the issuance of an Order of Prohibition, Fine and/or Censure, and the costs of the investigation in this matter.

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 represented 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.

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A link 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. <http://www.cyberdriveillinois.com/departments/securities/lawrules.html>

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

DATED: This 8th day of April, 2011.

A handwritten signature in black ink that reads "Jesse White" with a stylized flourish at the end.

JESSE WHITE
Secretary of State
State of Illinois

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