

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

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

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NOTICE OF HEARING

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

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 15<sup>th</sup> day of June, 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 Matthews Logistics, LLC, its Officers, Directors, Employees, Agents, Affiliates, Successors and Assigns, and Udell W. Matthews (the "Respondents") 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, Matthews Logistics, LLC, is a purported business entity with a last known address of P.O. Box 102, Greenville, Illinois 62246;
2. That at all times relevant, the Respondent Udell W. Matthews was an Officer, Director, Agent or Employee of Matthews Logistics;
3. That on or about February 4, 2009, 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

Notice of Hearing

-2-

Illinois resident, an investment plan in which Respondent would purchased a warehouse in order to rent out warehouse space, and LD would receive at least \$15,000 profit in 30 days, for a total investment amount of \$25,000 in the form of a cashiers check made payable to Udell Matthews (hereinafter, "cashier's check");

4. That 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;
5. That on or about February 5, 2009, Sandra Merrifield signed a deposit slip to her personal account in Bank of America, Account # 291000378981, (hereinafter, "bank account") thereby depositing \$22,000 of the aforesaid cashier's check funds in this aforesaid bank account and taking the remaining \$3,000 in cash;
6. That the aforesaid bank account is an individual account, account type "MYACCESS CHECKING" with an account title of "Sandra L. Merrifield" and that Udell W. Matthews does not appear on the bank account's personal signature card;
7. That 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;
8. That on or about October 2, 2009, the Illinois Securities Department ("Department") sent Respondents an inquiry letter (hereinafter "October 2, 2009, inquiry letter") pursuant to Section 11.C of the Illinois Securities Law of 1953 [815 ILCS 5/1 et seq.] (the "Act"), to which the Respondents provided their response on November 5, 2009, at which time 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";
9. That on or about the month of November, 2009, Respondent Matthews contacted LD and advised LD that LD would not get her money back unless she wrote a letter to Matthews stating that the aforesaid funds were a

Notice of Hearing

-3-

loan rather than an investment; that on or about December 2010, pursuant to the afore described instructions by Matthews to LD, LD wrote a letter to Matthews demanding the repayment of the aforesaid funds that she had "loaned" Matthews;

10. That on or about April 16, 2010, the Department sent Respondents a supplemental inquiry letter (hereinafter "April 16, 2010, inquiry letter") requiring a statement detailing the name, address and contact phoned number of the individual who countersigned the aforesaid cashier's check; that Respondent's provided a response to this inquiry letter on May 12, 2010 (hereinafter, "May 12, 2010, response"); in said response, Respondent Matthews provided only his own name and address and failed to identify Sandra Merrifield or her contact information as requested by the Department; Respondent Matthews further stated in this letter that the aforesaid funds given to him by AD was a "loan";
11. That the aforesaid May 12, 2010, response also included a copy of the aforesaid December, 2010, letter from LD to Matthews;
12. That sometime in mid 2010, Respondent Matthews represented to an Illinois resident that the aforesaid money from AD was "invested" and that he had "invested" the aforesaid funds;
13. That AD never received the aforesaid funds or return within the aforesaid 30 day time period as promised by Respondent's nor has she ever received a reimbursement or return of any kind from the aforesaid investment as of this date;
14. That the aforesaid investment plan is an investment contract, and therefore is a security as that term is defined pursuant to Section 2.1. of the Act.
15. 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;
16. That Section 12.A of the Act provides, inter alia, that it shall be a violation of the Act for any person to

Notice of Hearing

-4-

offer or sell securities except in accordance with the provisions of the Act;

17. 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;
18. 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;
19. That 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;
20. 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 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;
21. That at all times relevant hereto, 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;
22. That at all times relevant hereto, 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;
23. That at all times relevant hereto, 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

Notice of Hearing

-5-

false and/or misleading with respect to any material fact, in that Respondents filed the aforesaid May 12, 2010, response to the Department's April 16, 2010, inquiry letter which contained a letter that Respondents' represented was written to Matthews from LD and was held out by Respondents to be a document written and composed solely and personally by LD, where in fact 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 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 Respondents; furthermore, in his aforesaid May 12, 2010, response, Matthews failed to supply the name, address and phone number of Sandra Merrifield, the cosigner of the aforesaid cashier's check, as requested by said April 16, 2010, inquiry letter; furthermore, the Respondent's 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 Respondents made to both AD and an additional Illinois resident;

24. That at all times relevant hereto, 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 space, and LD would receive at least \$15,000 profit in 30 days, where in fact the funds were instead given to an individual named Sandra Merrifield who cosigned the cashier's check and deposited the aforesaid funds in her personal checking account and took a portion of said funds as cash, that 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 Matthews;
25. That by virtue of the foregoing, Respondents Matthews Logistics, LLC, by and through its Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns,

Notice of Hearing

-6-

and Udell W. Matthews, have violated Sections 12.A, 12.C, 12.D, 12.E and 12.G of the Act;

26. 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, 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;
27. 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;
28. 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;
29. That 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 of 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.

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.

Notice of Hearing

-7-

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.

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

Dated this 4<sup>th</sup> day of April, 2011

   
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Jesse White  
Secretary of State  
State of Illinois

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