

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

IN THE MATTER OF:

Richard J. Osty, aka Ostapowicz;
Ronald Moore;
RO Financial Group, LLC
its partners, members, officers, directors,
agents, employees, affiliates, successors
and assigns;
RKM, Inc,
its partners, members, officers, directors,
agents, employees, affiliates, successors
and assigns;
Heritage Community Homes, Inc.,
its partners, members, officers, directors,
agents, employees, affiliates, successors
and assigns; **and**
Building Design System, LLC.,
its partners, members, officers, directors,
agents, employees, affiliates, successors
and assigns;

File Number: 0900540

ORDER OF PROHIBITION

TO RESPONDENTS: Richard J. Osty (CRD # 8985419)
12106 S. Maple Avenue
Blue Island, IL 60406

Richard J. Osty
2233 S. Highland Ave, Unit 208
Lombard, Illinois 60148

Ronald Moore
120 East Ogden, Suite 206
Hinsdale, Illinois 60521

RO Financial Group, LLC
120 East Ogden, Suite 206
Hinsdale, Illinois 60521

Order of Prohibition

-2-

RKM, Inc.
913 E. Elm Street
Wheaton, Illinois 60187

Building Design System, LLC.
120 East Ogden, Suite 206
Hinsdale, Illinois 60521

Heritage Community Homes, LLC.
120 East Ogden, Suite 206
Hinsdale, Illinois 60521

WHEREAS, Respondents Richard J. Osty, Ronald Moore, RO Financial Group, LLC, and his/its partners, members, officers, directors, agents, employees, affiliates, successors and assigns, Heritage Community Homes, and his/its partners, members, officers, directors, agents, employees, affiliates, successors and assigns, and RKM Inc. and his/its partners, members, officers, directors, agents, employees, affiliates, successors and assigns, Building Design Systems, LLC., and his/its partners, members, officers, directors, agents, employees, ("Respondents"), on the 10th and 11th days of March, 2011, executed a certain Stipulation to Enter Consent Order of Prohibition (the "Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, Respondents have admitted to the jurisdiction of the Secretary of State and service of the Temporary Order of Prohibition was issued by the Illinois Secretary of State, on March 10, 2010, and the Notice of Hearing issued dated April 19, 2010, in this proceeding (the "Notice") and Respondent has consented to the entry of this Consent Order of Prohibition ("Consent Order").

WHEREAS, by means of the Stipulation, Respondents have acknowledged that the following Findings of Fact are intended to be a final determination of the issues and Respondents agree that they shall be estopped from making arguments contrary to the Findings of Fact in any collateral proceeding(s).

WHEREAS, by means of the Stipulation, Respondents have acknowledged that the following shall be adopted as the Secretary of State's Findings of Fact, and has admitted to the truth thereof:

I. VIOLATION OF 12.D AND 12.G OF THE ACT

1. Respondent Richard J. Osty ("Osty") is a natural person with the last known business address of 120 East Ogden, Suite 206, Hinsdale, Illinois.
2. Respondent Ronald Moore (Moore) is a natural person with the last known business address of 120 East Ogden, Suite 206, Hinsdale, Illinois.

Order of Prohibition

-3-

3. Respondent RO Financial Group, LLC. is an Illinois Limited Liability Corporation with a last known business address of 120 East Ogden, Suite 206, Hinsdale, Illinois.
4. Respondent RKM, Inc. is an Illinois Corporation, which was involuntarily dissolved November of 2008, with a last known address of 913 E. Elm Street, Wheaton, Illinois.
5. Respondent Heritage Community Homes LLC. is an Illinois Limited Liability Company, which list Respondent Osty as the president and agent.
6. Respondent Building Design System, LLC. is an Illinois Limited Liability Company, which list Respondent Osty as the president and agent.
7. Respondent Osty represented himself as the owner, officer or President of RO Financial Group, LLC and contacted the investors directly to offer and sell securities.
8. Respondent Moore represented to investors that he was the president of RKM, Inc and contacted investors directly to offer and sell securities.
9. Beginning in 2006 and continuing to present, Respondents directly sold and offered to sell securities in the form of investment contracts to the general public, including residents and senior citizens of the State of Illinois (“Investors”).
10. Respondents touted the investment as an investment in building “green” housing in economically challenged areas.
11. Respondents represented to investors that they would receive a return on their money; the investors understanding of the return varies from the interest being equal to 10% to 150% of the investment, which is equal to 10% of the loan amount.
12. Respondents initially had the investors sign a “pre-construction agreement-right of first refusal” also called a “reservation” for a real estate contract which promised the investors a refund within thirty (30) day of their request.
13. Respondent Osty deposited investor funds into an account and proceeded to dissipate monies for personal use.
14. Respondents approached the investors for additional funds, asking for a “special assessment”.
15. Respondents told investors that their special assessment money was being held in escrow and that there was a Series LLC in preparation and the attorney was hired to prepare the Series LLC.

Order of Prohibition

-4-

16. Respondents placed the special assessment investor funds in an escrow account. Respondents used the special assessment funds to pay an attorney to establish a Series LLC, but failed to complete the necessary requirements to fully set up a properly functioning Series LLC.
17. Respondent Osty failed to disclose to investors that he had been Permanently Prohibited from offering or selling Securities in the State of Illinois.
18. To date, Illinois investors have not received any return on their investments, and the respondent has failed to have their investment returned or any accounting of investment, nor have investors received a refund more than 120 days after their request for said refund.
19. The activities described above constitute the offer and sale of a investment contract and therefore a security as those terms are defined in Sections 2.1, 2.5, and 2.5a of the Illinois Securities Law of 1953 [815 ILCS 5/1 *et. seq.*] (the "Act").
20. 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. Section 12.G of the Act states 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." 815 ILCS 5/12.G.
22. By virtue of this foregoing conduct, Respondents violated Sections 12.D and 12.G of the Act.

II. VIOLATION OF 12.A AND 12.D OF THE ACT

- 1-18. Paragraphs 1-18 are re-alleged and incorporated by reference.
19. The activities described above constitute the offer and sale of a investment contract and therefore a security as those terms are defined in Sections 2.1, 2.5, and 2.5a of the Illinois Securities Law of 1953 [815 ILCS 5/1 *et. seq.*] (the "Act").
20. Section 5 of the Act provides, *inter alia*, that all securities except those exempt under Section 3 or those offered or sold in transactions exempt under Section 4 "shall be registered either by coordination or by qualification prior . . . to their offer or sale" in the State of Illinois.
21. Respondents failed to file with the Secretary of State an application for registration of the securities described above as required by the Act and, as a

Order of Prohibition

-5-

result, the security was not registered pursuant to Section 5 of the Act prior to its offer in the State of Illinois.

22. 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.”
23. 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.”
24. By virtue of the foregoing, Respondent violated Sections 12.A and 12.D of the Act.

III. VIOLATION OF 12.C OF THE ACT

- 1-18. Paragraphs 1-18 are re-alleged and incorporated by reference.
19. Through the conduct described in paragraphs three (3) through eight (8), the respondent acted as a dealer and/or salesperson for the investment contracts to investors.
20. That 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, salesperson unless registered such, where such registration is required under this Act.
21. That at all relevant times, the respondents were not registered as a dealer and/or salesperson under the Act.
22. That by acting as a salesperson and/or dealer and an investment advisor and/ or investment advisor in the State of Illinois, without being registered as such, respondent violated section 12.C of the Act.

**IV. VIOLATION OF 12.A AND 12.D OF THE ACT
(SECOND VIOLATION)**

- 1-18. Paragraphs 1-18 are re-alleged and incorporated by reference.
19. That on March 3, 1990, an Order of Prohibition (“1990 Order”) was served on the respondent Richard J. Osty, prohibiting him from offering or selling securities in the State of Illinois.
20. That beginning in 2006 and continuing through 2009, respondent offered and sold Investment Contracts to investors in the State of Illinois.

Order of Prohibition

-6-

21. That the respondent violated both the 1990 Order by offering and selling securities in the State of Illinois without complying with the Act.
22. 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.”
23. 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.”
24. That by virtue of the foregoing violations of the 1990, respondent violated Sections 12.A and 12.D of the Act.

WHEREAS, by means of the Stipulation Respondents have acknowledged that the following shall be adopted as the Secretary of State's Conclusion of Law:

Respondents violated Section 12.A, 12.C, 12.D and 12.G of the Act.

WHEREAS, by means of the Stipulation Respondents, Richard J. Osty, Ronald Moore, RO Financial Group, LLC, and his/its partners, members, officers, directors, agents, employees, affiliates, successors and assigns, Heritage Community Homes, and his/its partners, members, officers, directors, agents, employees, affiliates, successors and assigns, and RKM Inc. and his/its partners, members, officers, directors, agents, employees, affiliates, successors and assigns, Building Design Systems, LLC., and his/its partners, members, officers, directors, agents, employees, have acknowledged and agreed that they **shall be and are hereby permanently PROHIBITED** from offering or selling any securities in or from the State of Illinois in compliance with the Illinois Securities Law of 1953 815 ILCS 5/1 et seq. (The “Act”).

WHEREAS, the Secretary of State, by and through his duly authorized representative, has determined that the matter related to the aforesaid formal hearing may be dismissed without further proceedings.

NOW THEREFORE IT SHALL BE AND IS HEREBY ORDERED THAT:

1. The Respondents shall be PROHIBITED from offering and selling securities in or from the State of Illinois in compliance with the Illinois Securities Law of 1953.

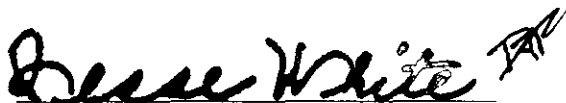
Order of Prohibition

-7-

2. The Department shall retain jurisdiction over this proceeding for the sole purpose of enforcing the terms and provisions of the Stipulation herein.
3. The formal hearing scheduled on this matter is hereby dismissed without further proceedings.

ENTERED: This 15th day of March, 2011

16th



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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Illinois Securities Department
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