

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF. SEQUOIA GROUP, INC, IT'S OFFICERS)
DIRECTORS, EMPLOYEES, AFFILIATES, SUCCESSORS, AGENTS)
AND ASSIGNS, and MICHAEL T. KIMMELMAN. INDIVIDUALLY)

File No's. 1000376 &
1000404

AMENDED NOTICE OF HEARING

TO THE RESPONDENTS

Sequoia Group, Inc
c/o Michael T Kimmelman, Registered Agent
578 Barberry Rd
Highland Park, Illinois 60035-4455

Mr Michael T Kimmelman
Sequoia Group, Inc.
578 Barberry Rd
Highland Park, Illinois Michael T Kimmelman

c/o Bennett R. Klasky
Attorney at Law
Bennett R. Klasky & Associates
Attorney at Law
555 Skokie Boulevard, Suite 500
Northbrook, Illinois 60062

You are hereby notified that pursuant to Section 10-55 of The Illinois Business Brokers Act of 1955, 815 ILCS 307/10-1, et seq. (the "Act") and 14 Ill. Adm Code 130, Subpart K, a public hearing will be held at 69 West Washington Street, Suite 1220, Chicago, Illinois 60602, on the 9th day of February, 2011, at the hour of 10.00 a.m., or as soon thereafter as counsel may be heard, before James L. Kopecky, or another duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether a permanent Order of Suspension or Revocation should be entered against the Sequoia Group, Inc, and its directors, officers agents, employees, sales representatives, and affiliates, and Michael T Kimmelman, individually (collectively "Respondents"), and/or granting such other relief as may be authorized under the Act including, but not limited to, the imposition of a monetary fine in the maximum amount of \$10,000 per violation, payable within ten (10) business days of the entry of the Order.

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The grounds for such proposed action are as follows

- 1 Respondent Sequoia Group, Inc , ("Sequoia") an Illinois corporation is an Illinois Corporation and maintains its business address at 578 Barberry Road, Highland Park, Illinois 60035-4455
- 2 Respondent Michael T. Kimmelman, ("Kimmelman", collectively with "Sequoia" "Respondents") an individual who maintains his address at 578 Barberry Road, Highland Park, Illinois 60035-4455. 578 Barberry Road, Highland Park, Illinois 60035-4455.
- 3 That from on or about April 2006 Respondents individually and by and through their Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns (the "Respondents"), offered and held themselves out as providing business for sale and services to potential business buyers for a fee to more than one Illinois resident
5. That from on or about April, 2006, to the present. Sequoia was registered with the Secretary of State of Illinois as a Business Broker, and Michael T Kimmel listed as its' Registered Representative
- 6 That the Respondents are business brokers as that term is defined pursuant to Section 10-5.10 of the Illinois Business Brokers Act of 1995 [815 ILCS 307/10-1 et seq.] (the "Act"),
- 7 That Respondents acted as the escrow agent for earnest money deposits paid by Purchasers pursuant to The Sequoia Group, Inc.'s Offer to purchase a business.
- 8 That subsequent to January 1, 2009, more than one Illinois Residents became clients of Respondents as a Purchaser and paid to Respondents as escrow agents sums aggregating \$50,000 00 for earnest money deposits, which sums were not returned to those Purchasers when the sales pursuant to their Offers to Purchase were not completed without fault on the part of those Purchasers
- 9 That one Purchaser identified herein as Purchaser "A" demanded from Respondents the return of his \$10,000 00 earnest money deposit in February of 2009. Purchaser A in or about December 2009 filed suit in the Circuit Court of the Nineteenth Judicial Circuit Lake County, Illinois, Gen N 09 SC 8888 against Seller and Respondent Sequoia as escrow agent for the return of his earnest money deposit.

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- 10 That on March 4, 2010 a Settlement Agreement and Release was entered into by the parties and the Circuit Court action was dismissed on March 4, 2010 subject to the Settlement Agreement. The Agreement provided that payment was to be made to Purchaser A in two equal installments by May 9, 2010. In that no payment was received by Purchaser A by May 9, 2010 the Court on June 22, 2010 Ordered that Judgment be entered against Seller and Respondent Sequoia jointly and severally in the amount of \$10,000.00 plus costs and attorneys fees.
- 12 That purchaser A has still not received the return of his escrowed funds.
- 13 That a second Purchaser identified herein as Purchaser "B" issued two checks payable to Respondent Sequoia as earnest money to be escrowed in the amounts of \$30,000.00 on March 5, 2010 and \$10,000.00 on June 21, 2010. That Purchaser B's checks were deposited in Respondent Sequoia's bank account number 0800861322. That Purchaser B demanded from Respondents the return of his escrowed \$40,000.00 earnest money deposit in August of 2010.
14. That on November 3, 2010, Respondent Sequoia issued a check from its account number 0800861322 payable to Purchaser B in the amount of \$40,000.00 dollars. That upon negotiating said check it was returned to Purchaser B by Purchaser's bank on November 12, 2010, for the "return reason-A not sufficient funds". That purchaser B has still not received the return of his escrowed funds.
- 15 That Section Sec 10-85 Fraudulent and prohibited acts, provides, inter alia, that:
 - (a) A business broker shall not, in connection with a contract for the services of a business broker, either directly or indirectly, do any of the following:
 - (1) Employ any device, scheme or artifice to defraud.
 - (2) Make any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of circumstances under which they are made, not misleading, unless the statement is made in reasonable reliance on information provided by the client.
 - (3) Engage in any act, practice or course of business that operates or would operate as a fraud or deceit upon any person.
- 16 That by virtue of the foregoing, the Respondents have violated Sections 10 - 85 (a)(1)(2) and (3) of the Act;

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- 17 That section 140 200 Procedures for Renewal of Registration as a Business Broker Under Section 10-20 of the Act in part provides
 - a) If a registered business broker wishes to renew its registration, it shall file with the Securities Department the preprinted Illinois Form BB04 together with the renewal filing and examination fee and branch office fee, if any, as specified in Section 140 2110 of this Part
 - b) Any amendment(s) shall also be filed with the Securities Department within ten business days if any material change occurs in the information that was filed with the Securities Department when the business broker applied for registration
- 18 That paragraphs 2) and 3) of the Application for renewal as Business Broker provide.
 - 2) If any information on the written disclosure document has changed, please provide the Department with a copy of the changed pages.
 - 3) If the disciplinary history reported on your initial filing has changed, please provide the Department with the change and an explanation on a separate page
- 19 That Section 10-85(b)(2). Fraudulent and prohibited acts in part, provides:
 - (b) A business broker shall not either directly or indirectly do the following:
 - (2) Fail to file with the Secretary of State any application, report document, report, document, or answer required to be filed under the provisions of this Act or any rule made by the Secretary of State pursuant to this Act or fail to comply with the terms of any order issued pursuant to this Act or rule or made by the secretary of State.
20. That on June 22, 2010. In the Circuit Court Of Nineteenth Judicial Circuit, Lake County, Illinois a judgment in Gen No. 09 SC 8884, was entered against Respondent and others in the amount of Ten Thousand Dollars (\$10, 000 00) dollars plus costs and attorneys fees of (\$250.00) for breach of a settlement agreement dated March 4, 2010.
- 21 That said judgment was not reported on any changed disclosure statement nor any change in disciplinary history reported on Respondents initial filing, and provided to the Department subsequent to the Judgment

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- 22 That by virtue of the foregoing, the Respondents have violated Sections 10 - 85(b)(2) of the Act,
- 23 That Section 10-40 (a) provides, inter alia, that the Secretary of State, after finding that any provision of the Act has been violated, may revoke the registration of the business broker.
- 24 That Section 10-55 (a) provides, inter alia, that in addition to any other sanction or remedy the Secretary of State, after finding that any provision of the Act has been violated, may impose an administrative fine upon the person in an amount not to exceed \$10,000 for each violation.

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

You are also notified, pursuant to the Illinois Administrative Code, Title 14, Subtitle A, Chapter 1, Part 130, Subpart K, Procedures for Administrative Hearings Section 130.1102 c); which in part provides: "That by requesting a hearing the Respondent agrees to a tolling of the time limitation on the effectiveness of the Temporary Order of Suspension for 60 days from the date the request is received by the Department."

You are also notified that That Section 10-65 of the Act provides. Any person who willfully violates this Act commits a class 4 felony

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 Respondents has upon due notice moved for and obtained a continuance

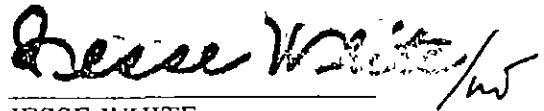
Below is a link of a copy of the Rules, promulgated under the Act and pertaining to hearings held by the Office of the Secretary of State, Securities Department, is included with this Notice <http://www.cyberdriveillinois.com/departments/securities/lawrules.html>

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

Dated: This 28th day of January 2011.

Handwritten signature of Jesse White in cursive script, with a horizontal line underneath and the initials 'JW' to the right.

JESSE WHITE
Secretary of State
State of Illinois

Attorney for the Secretary of State

Samuel F. Freiman
Illinois Securities Department
69 West Washington Street, Suite 1220
Chicago, Illinois 60602
312-793-3988

Hearing Officer.

James L. Kopecky
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