

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

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<b>IN THE MATTER OF:</b>	)
<b>FREDERICK G. BILLINGS</b>	)
<b>and FREEDOM TAX SOLUTIONS, INC.</b>	) <b>No. 0800564</b>
<b>their partners, members, officers and directors, agents,</b>	)
<b>employees, affiliates, successors and assigns.</b>	)

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**CONSENT ORDER OF PROHIBITION AND FINE**

**TO RESPONDENTS: Frederick G. Billings  
1860 W. 163<sup>rd</sup> Street  
Markham, Illinois 60426**

**and**

**Freedom Tax Solutions, Inc.  
180 N. LaSalle Street  
Suite 2024  
Chicago, Illinois 60601**

WHEREAS, Respondents on the 15<sup>th</sup> day of September 2010 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 Notice of Hearing of the Secretary of State, Securities Department, dated January 21, 2010 in this proceeding (the "Notice") and Respondents consented to the entry of this Consent Order of Prohibition ("Consent Order").

WHEREAS, by means of the Stipulation, the Respondents acknowledged, while neither admitting nor denying the truth thereof, that the following allegations contained in the Notice shall be adopted as the Secretary of State's Findings of Fact:

1. Respondent Frederick G. Billings (hereinafter "Billings" or collectively with Freedom Tax Solutions, Inc., "Respondents") has a last known address of 1860 W. 163<sup>rd</sup> St., Markham, IL 60426.

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2. Respondent Freedom Tax Solutions, Inc. (hereinafter "Freedom" or collectively with Billings "Respondents") was an Illinois corporation, dissolved on 1/3/06, with a last known address of 180 N. LaSalle Street, Suite 2024, Chicago, IL 60601 .
3. Respondent Billings was the president and sole controlling member of Respondent Freedom at all relevant times hereinafter stated.
4. In May 2005 Respondents solicited an investor ("Investor") to purchase a Promissory Note in the amount of \$60,000 which Respondents promised to repay in full within 3 months plus interest in the amount of \$8,000.
5. On May 10, 2005 Investor (by means of 2 checks in the amounts of \$17,000 and \$18,000 and cash in the amount of \$25,000) gave Respondents Billings and Freedom \$60,000 ("Investment") which they told Investor would be used in a real estate venture.
6. In exchange for the Investor's purchase of the Promissory Note Respondents agreed to pay Investor \$68,000 within 3 months of May 10, 2005, and to use the proceeds in a real estate venture.
7. The activities in paragraph 4, 5 and 6 constitute the offer and sale of a promissory note and are therefore a security as those terms are defined in Section 2.1, 2.5 and 2.5a of the Illinois Securities Act of 1953 [815 ILCS 5] (the "Act").

### **FAILURE TO REGISTER SECURITIES**

8. Respondents never registered the Promissory Note with the Illinois Securities Department.
9. Section 5 of the Act provides, *inter alia*, that "all securities except those set forth under Section 2a of this Act...or those exempt...shall be registered ...prior to their offer or sale in this State."
10. Respondents failed to file an application with the Secretary of State to register the stock as required by the Act, and as a result the promissory note was not registered as such prior to its offer or sale in the State of Illinois.
11. 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.
12. 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,

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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.”

13. By virtue of the foregoing Respondents violated Sections 12.A and 12.D of the Act.

**FRAUD**

14. Respondents did not use Investor’s money for the real estate venture as was promised to Investor, but instead converted the funds for their own personal and business purposes.
15. Respondents failed and refused to notify the Investor that they were converting the Investment to their own use and benefit, instead of using it to invest in the promised real estate venture.
16. Section 12.F of the Act provides, *inter alia*, that it shall be a violation of the Act for any person, “to engage in any transaction, practice or course of business in connection with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof”.
17. 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 light of the circumstances under which they were made, not misleading”.
18. Section 12.I of the Act provides, *inter alia*, that it shall be a violation of the 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”.

WHEREAS, by means of the Stipulation respondents have acknowledged, without admitting or denying the averments, that the following shall be adopted as the Secretary of State’s Conclusion of Law:

That by virtue of the foregoing, Respondents have violated Sections 12.A, 12.D, 12.F, 12.G and 12.I of the Act.

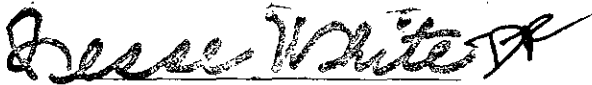
WHEREAS, by means of the Stipulation, Respondents acknowledge and agree that they shall be prohibited in whatever capacity from offering or selling any securities in or from the State of Illinois.

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NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.E of the Act, Frederick G. Billings and Freedom Tax Solutions, Inc., their partners, officers and directors, agents, employees, affiliates, successors and assigns are **PROHIBITED** from offering or selling securities in or from the State of Illinois, and Respondent Frederick G. Billings is **FINED** in the amount of Five Thousand Dollars (\$5,000.00), payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund.

Dated this 17<sup>th</sup> day of September, 2010

A handwritten signature in black ink that reads "Jesse White". The signature is written in a cursive, flowing style.

JESSE WHITE  
Secretary of State  
State of Illinois

Attorney for the Secretary of State:

James J. Tierney  
Illinois Securities Department  
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