

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

IN THE MATTER OF:

Gary L. Lange

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) **File Number: 0900181**
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ORDER OF PROHIBITION

TO RESPONDENTS:

Gary L. Lange
129 Fairfield Way, Suite 108
Bloomington, Illinois 60108

Gary L. Lange (CRD #3108415)
2203 Country Knoll
Elgin, Illinois 60123

WHEREAS, a Temporary Order of Prohibition was issued by the Illinois Secretary of State, on January 12, 2010, temporarily prohibiting the Respondents from offering or selling securities in the State of Illinois until further order from the Secretary of State.

WHEREAS, pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act"), the failure to request a hearing within thirty (30) calendar days of the entry of a Temporary Order shall constitute an admission of any facts alleged therein and constitute a sufficient basis to make the Temporary Order final.

WHEREAS, the Respondent has failed to request a hearing on the matters contained in the Temporary Order within thirty (30) calendar days of the entry of said Temporary Order and the Respondents are hereby deemed to have admitted the facts alleged in the said Temporary Order.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Findings of Fact contained in the said Temporary Order as the Secretary of State's Final Findings of Fact as follows:

I. FRAUD

1. Respondent Gary L. Lange ("Lange") is a natural person with the last known business address of 129 Fairfield Way, Bloomington, Illinois and 2203 Country Knoll, Elgin, Illinois.

Order of Prohibition

-2-

2. Beginning in 2006, Respondents directly sold and offered to sell securities in the form of "Line of Credit Promissory Notes" (Notes) to the general public, including residents of the State of Illinois ("Investors").
3. Respondent Lange represented himself as an exclusive salesperson for A&O; he touted that he was one of only twelve (12) people across the United States who could sell these life investments.
4. Respondent promised interest rates of fifteen percent (15%) return.
5. Respondent was sent a request for information from the Illinois Secretary of State Securities Department (the "Department") in the form of an 11.C letter dated April 14, 2009.
6. Respondent sent a notarized Affidavit in response to the Department request dated May 26, 2009 and said document was signed by Gary L. Lange.
7. Respondent stated in his response to the Department, "Investors were existing clients, friends and relatives."
8. Respondent also included an attachment in his response which included a list of investors for the following products:

"Bonded Life Settlements LLC; Life Fund 5.1 LLC; A&O Life Funds LLC; and A&O Bonded Life Assets LLC."
9. Respondent also stated in his response that the amounts of funds invested, which totaled \$1,358,096.39 and the amount of commission he received, which totaled \$130,512.45.
10. Respondent, in his response to the Department, failed to list in his response that he sold at least three notes valued at over one million dollars of A&O.
11. Respondent, in his response to the Department, failed to list his commission for any of these three notes he sold.
12. Respondent failed to acknowledge that the investors who purchased the three notes were not "... existing clients, friends and relatives" as he stated in his response.
13. Respondent failed to state that the notes were not registered with the Illinois Secretary of State.
14. Respondents refused or omitted, to inform Investors that he was not registered with the Illinois Secretary of State to offer and sell securities.

15. The activities described above constitute the offer and sale of a note 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").
16. 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."
17. 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.
18. By virtue of this foregoing conduct, Respondents violated Sections 12.D and 12.G of the Act.

II. FAILURE TO REGISTER SECURITIES

- 1-14. Paragraphs 1-14 are re-alleged and incorporated by reference.
15. The activities described above constitute the offer and sale of a Note 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").
16. 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.
17. Respondent 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 result, the security was not registered pursuant to Section 5 of the Act prior to its offer in the State of Illinois.
18. 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."
19. 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."
20. By virtue of the foregoing, Respondent violated Sections 12.A and 12.D of the Act.

Count III

UNREGISTERED DEALER/SALESPERSON

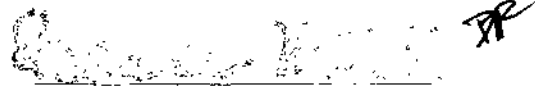
- 1-14. Paragraphs 1-14 are re-alleged and incorporated by reference.
15. Through the conduct described in paragraphs three (3) through eight (8), the respondent acted as a dealer and/or salesperson for the sale of Stock, Notes and investment contracts to investors.
16. That 12.C of the Act provides, *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.
17. That at all relevant times, the respondents were not registered as a dealer and/or salesperson under the Act.
18. 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.
19. The aforementioned findings are based upon credible evidence.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Conclusions of Law contained in the said Temporary Order as the Secretary of State's Conclusions of Law as follows:

Respondent violated Sections 12.A, 12.D 12.G, and 12.C of the Act.

NOW THEREFORE IT IS HEREBY ORDERED: That pursuant to Section 11.F of the Act, the Respondent, Gary Lange **shall be and are hereby permanently PROHIBITED** from offering or selling any securities in or from the State of Illinois.

Dated: This 17th day of February 2010.



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.

Order of Prohibition

-5-

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. 1, 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:
Mary A. Lopez
Illinois Secretary of State Securities Department
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Chicago, Illinois 60602
312-793-3023