

**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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**NOTICE OF HEARING**

**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**

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (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 7th day of April, 2010 at the hour of 10:00 a.m. or as soon thereafter as possible before James Kopecky, Esq. or such other designated Hearing Officer as the Secretary of State may appoint.

Said hearing will be held to determine whether a permanent Order shall be entered prohibiting Respondents **Frederick G. Billings** and **Freedom Tax Solutions, Inc.** and their partners, officers and directors, agents and employees, affiliates, successors and assigns from offering or selling securities in or from the State of Illinois 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 pursuant to Sec. 11.E(4) of the Act, payable within ten (10) days of the Order.

The grounds for such proposed action are as follows:

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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.
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.

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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, 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 failed to pay the Investor either the principal or interest on the Promissory Note.
15. 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.
16. 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.
17. 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”.
18. 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”.
19. 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”.
20. By virtue of the foregoing, Respondents violated Sections 12.F, 12.G and 12.I Act and will violate them again if they make further offers, or if they make any sales of investment contracts or other securities described above in the State of Illinois.

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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.

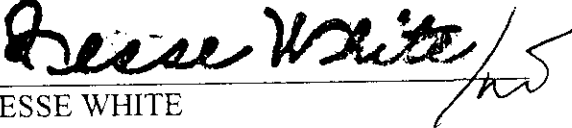
Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to appear shall constitute default, unless any Respondent has, upon notice, moved for and obtained a continuance.

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.

Delivery of notice to the designated Representative of any of the respondents constitutes service upon such respondent.

Dated: This 21<sup>st</sup> day of January 2010.

Said hearing will be held to determine whether a permanent Order shall be entered prohibiting Respondents **Frederick G. Billings and Freedom Tax Solutions, Inc.** and their partners, officers and directors, agents and employees, affiliates, successors and assigns from offering or selling securities in or from the State of Illinois 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 pursuant to Sec. 11.E(4) of the Act, payable within ten (10) days of the Order.

  
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JESSE WHITE  
Secretary of State  
State of Illinois

Attorney for the Secretary of State:

James J. Tierney  
Illinois Securities Department  
69 West Washington Street  
Chicago, Illinois 60602  
312-793-9650