

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

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**IN THE MATTER OF:** )  
**DAVID J. HERNANDEZ and** )  
**NEXTSTEP FINANCIAL SERVICES, INC.** ) **No. 0900043**  
**their partners, officers and directors, agents, employees,** )  
**affiliates, successors and assigns, and associated** )  
**companies and businesses.** )

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**TEMPORARY ORDER OF PROHIBITION**

**TO RESPONDENTS: David J. Hernandez and  
NextStep Financial Services, Inc.  
225 West Washington Street  
Suite 2200  
Chicago, Illinois 60606  
And  
P.O.Box 96  
Westmont, Illinois 60559  
And  
1321 Hawkins Avenue  
Downers Grove, Illinois 60516**

On information and belief, I, Jesse White, Secretary of State for the State of Illinois, through my designated representative, who has been fully advised in the premises by the staff of the Securities Department, Office of the Secretary of State, herein find :

1. Respondent David J. Hernandez (hereinafter "Hernandez" or collectively with NextStep, "Respondents") has last known addresses of 225 West Washington St., Suite 2200, Chicago, IL 60606 and P.O. Box 96, Westmont, Illinois 60559 and 1321 Hawkins Avenue, Downers Grove, Illinois 60515.
2. Respondent NextStep Financial Services, Inc. (hereinafter "NextStep" or collectively with Hernandez "Respondents"), has last known addresses of 225 West Washington St., Suite 2200, Chicago, IL 60606 and P.O. Box 96, Westmont, Illinois 60559 and 1321 Hawkins Avenue, Downers Grove, IL 60516.

**INVESTORS 1 & 2**

3. In July 2008 Respondents offered to at least two Illinois residents, husband and wife, (“Investors 1 & 2”) the opportunity to enter a contract in which Investors would loan “**up to the maximum of One Million U.S. Dollars (\$1,000,000)**” to Respondents in exchange for Respondents’ promise to repay principal and interest at the rate of “**15 % monthly**”.
4. Respondents’ investment contract was entitled, “**NextStep Financial Services, Inc. “Universal” Guaranteed Investment Contract (G.I.C.)**”, which provided, inter alia, “It is agreed and understood that the distribution of the principal and interest is “**Guaranteed by NextStep Financial**” and will not be affected by the success of any investment program offered by the Company.”
5. On July 21, 2008 Investors 1 & 2 gave Respondents two \$25,000 checks in the total amount of \$50,000; and on October 14, 2008 Investors 1 & 2 gave Respondents a third check in the amount of \$150,000; and on Jan 13, 2009 Investors 1 & 2 gave Respondents a fourth check in the amount of \$35,000 and another in the amount of \$15,000 (“Investment 1”) in exchange for Respondents’ promise to pay Investors the principal and 15% interest per month on the total amount invested.
6. Respondents negotiated all five checks into their bank account and received full payment of \$250,000.
7. Respondents assured Investors 1 & 2 that Respondents would use the investments for the business purpose of further investment into a payday loan service known as “Check ‘n Go” stores.

**INVESTORS 3 & 4**

8. In December 2008 Respondents offered to at least two additional Illinois residents, husband and wife, (“Investors 3 & 4”) the opportunity to enter a contract in which Investors would loan “**up to the maximum of One Million U.S. Dollars (\$1,000,000)**” to Respondents in exchange for Respondents’ promise to repay principal and interest at the rate of “**15 % monthly**”.
9. Respondents’ investment contract was entitled, “**NextStep Financial Services, Inc. “Universal” Guaranteed Investment Contract (G.I.C.)**”, which provided, inter alia, “It is agreed and understood that the distribution of the principal and interest is “**Guaranteed by NextStep Financial**” and will not be affected by the success of any investment program offered by the Company.”
10. On December 29, 2008 Investors 3 & 4 gave Respondents a check in the amount

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of \$50,000 and on January 15, 2009 Investors gave Respondents another check in the amount of \$25,000 ("Investment 2") in exchange for Respondents' promise to pay the Investors principal and 15% interest per month on the total amount invested.

11. Respondents negotiated both checks into their bank account and received full payment of \$75,000.
12. Respondents assured Investors 3 & 4 that Respondents would use the investments for the business purpose of further investment into a payday loan service known as "Check 'n Go" stores.
13. The activities described above in paragraphs 3-12 constitute the offer and sale of an investment contract and are 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] (the "Act").

### **FAILURE TO REGISTER SECURITIES**

14. Section 5 of the Act provides, inter alia, that all securities except those exempt under Section 3 or those offered and sold under Section 4 shall be registered either by coordination or by qualification prior to their offer or sale in the State of Illinois.
15. Respondents failed to file with the Secretary of State an application for registration of the securities described above as required by the Act and that as a result the securities were not registered pursuant to Section 5 of the Act prior to their offer and sale in the State of Illinois.
16. Section 12.A of the Act provides, inter alia, that it shall be a violation for any person to offer and sell any security except in accordance with the provisions of the Act.
17. 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.
16. By virtue of the foregoing Respondents have violated Sections 12.A and 12.D of the Act.

### **FRAUD IN SALE OF SECURITIES**

17. Respondents did not purchase any interest in the "Check 'n Go" stores as promised, or in any legitimate business, but instead placed all of Investment 1 and Investment 2 into their own accounts, and converted them to their own use and benefit.

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18. Respondents failed and refused to notify Investors 1,2, 3 and 4 that Respondents were converting Investments 1 and 2 to their own use and benefit, instead of using the funds for the promised business purpose of investing in “Check ‘n Go” stores.
19. 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”.
20. 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”.
21. 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”.
22. By virtue of the foregoing, Respondents violated Sections 12.F, 12.G and 12.I of the 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.
23. The aforementioned findings are based upon credible evidence.
24. Section 11.F(2) of the Act provides, inter alia, that the Secretary of State may temporarily prohibit the offer or sale of securities by any person, without notice and prior hearing, if the Secretary of State shall deem it necessary to prevent an imminent violation of the Act or to prevent losses to investors that will occur as a result of prior violations of the Act.
25. The entry of this Temporary Order of Prohibition prohibiting Respondents **David J. Hernandez and NextStep Financial Services, Inc.** or their partners, officers and directors, agents, affiliates, assigns, successors and employees, and associated companies and businesses from offering or selling securities in the State of Illinois is in the public interest and for the protection of the investing public and is consistent with the purposes intended by the provisions of the Act.

NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, Respondents **David J. Hernandez and NextStep Financial Services, Inc.**, their partners, officers and directors, agents, employees, affiliates, successors and assigns, and associated companies and businesses are **Temporarily Prohibited** from offering or selling securities in or from this State until the further Order of the Secretary of State.

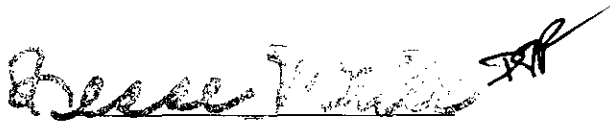
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NOTICE is hereby given that Respondents may request a hearing on this matter by transmitting such request in writing to the Director, Illinois Securities Department, 69 West Washington Street, Suite 1220, Chicago, Illinois 60602. Such request must be made within thirty (30) calendar days of the date of entry of the Temporary Order of Prohibition. Upon receipt of a request for hearing, a hearing will be scheduled as soon as reasonably practicable. A request for hearing will not stop the effectiveness of this Temporary Order of Prohibition and will extend the effectiveness of this Temporary Order of Prohibition for sixty (60) days from the date the hearing request is received by the Department.

FAILURE BY ANY RESPONDENT TO REQUEST A HEARING WITHIN THIRTY (30) CALENDAR DAYS AFTER ENTRY OF THIS TEMPORARY ORDER OF PROHIBITION SHALL CONSTITUTE AN ADMISSION OF ANY FACTS ALLEGED HEREIN AND SHALL CONSTITUTE SUFFICIENT BASIS TO MAKE THIS TEMPORARY ORDER OF PROHIBITION FINAL.

Dated: This 30<sup>th</sup> day of April 2010.



JESSE WHITE  
Secretary of State  
State of Illinois

Attorney for the Secretary of State:

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Illinois Securities Department  
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