

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

IN THE MATTER OF:)

John T. Kelly,)

Michael P. Courtney,)

File Number: 09-00500

Carrowmore Builders and its)
partners, members, officers, directors,)
successors, and assigns.)

NOTICE OF HEARING

TO RESPONDENT:

John T. Kelly
5905 W. 89th Street
Oak Lawn, IL 60453

Michael P. Courtney
10524 S. Maplewood
Chicago, IL 60655

You are hereby notified in accordance with Sections 11.E and F of the Illinois Securities Law of 1953 [815 ILCS 5/11.E and F] ("the Act") and 14 Ill. Adm. Code 130, subpart K, that a public hearing will be held at the Secretary of State's office at the office of the Illinois Securities Department, 69 W. Washington Street, Suite 1220, in Chicago, Illinois 60602, on June 2, 2010 at the hour of 10:00 a.m. or as soon thereafter as possible before Soula J. Spyropoulos, or such other hearing officer who shall be presiding at that time.

Said hearing will be held to determine whether an Order shall be entered which would prohibit the Respondents from selling or offering for sale securities in 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 11.E of the Act, payable within 10 (ten) days of the entry of the Order.

The grounds for such proposed action are as follows:

COUNT I
FRAUD IN THE OFFER AND SALE OF SECURITIES

1. Respondent **John T. Kelly** ("Kelly") is a natural person whose residential address is 5905 W. 89th Street, Oak Lawn, IL 60453. Kelly is the President of Carrowmore Builders, Inc.
2. Respondent **Michael P. Courtney** ("Courtney"), together with Respondent John T. is a natural person whose residential address is 10524 S. Maplewood, Chicago, IL 60655.
3. Respondent **Carromore Builders, Inc.** ("Carrowmore Builders") is an entity incorporated on August 2, 2006 with a last known business address of 3400 W. 111th St. Suite 222, Chicago, IL 60655.
4. At all times described in this Notice, investors CG and EG (collectively, "the Investors") were residents of Illinois.
5. Prior to investing with Respondents, the Investors unexpectedly received life insurance proceeds after their son was killed in Iraq while serving in the military. Respondent Kelly had a social relationship with the Investors and was aware that the Investors received those proceeds.
6. On January 6, 2007 in Chicago, Illinois, Respondents Kelly and Courtney offered and sold to the Investors an investment opportunity in Carrowmore Builders. The investment offered was a promissory note.
7. Under the terms of the promissory note, the Investors were to pay \$100,000 to John Kelly and Michael Courtney. After one year, the Investors would receive their principal investment of \$100,000 back, in addition to \$60,000 worth of interest.
8. On January 6, 2007 Respondents Kelly and Courtney executed the promissory note.
9. On January 11, 2007, the Investors remitted \$100,000 in the form of a check made payable to Carrowmore Builders.
10. Respondent Kelly represented to the Investors that their investment of \$100,000 would be applied towards Carrowmore Builders' business activities.

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11. To the contrary, on January 17, 2007, six days after the Investors remitted \$100,000 to the Respondents, Respondents issued a check for \$75,000 to an individual unrelated to the business activities of Carrowmore Builders.
12. When the matured due on January 6, 2008, Respondents failed to pay the amount due on the note.
13. Rather, approximately five months after the note matured, on June 5, 2008, Respondents tendered a partial payment of \$20,000 to the Investors.
14. On September 15, 2009, Respondents issued one additional check to the Investors in the amount of \$200. Respondents have not tendered any other payments to the Investors since September 15, 2009.
15. The activities described above constitute the issuance of a note, and therefore an offer and sale of 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.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.
17. Section 12.F of the Act provides that it shall be a violation of the provisions of this Act for any person to engage in any transaction, practice or course of business in connection with the sale of 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 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.
19. Section 12.I of the Act provides that it shall be a violation of the provisions of this 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, the Respondents violated Sections 12.A, 12.F, 12.G, and 12.I of the Act.

COUNT II

FAILURE TO REGISTER SECURITIES

21. Paragraphs 1-14 are realleged as if fully set forth herein.

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22. 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.
23. Respondents 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 securities were not registered pursuant to Section 5 of the Act prior to their offer in the State of Illinois.
24. 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.”
25. 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.”
26. By virtue of the foregoing, the Respondents violated Sections 12.A and 12.D of the Act

NOTICE: 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 so appear shall constitute default, unless any Respondent has upon due notice moved for and obtained a continuance.

A copy of the Rules and Regulations promulgated under the Illinois Securities Law and pertaining to hearings held by the Office of the Secretary of State, Illinois Securities Department, are available at the Department’s website at: <http://www.cyberdriveillinois.com/departments/securities/lawrules.html>, or on request.


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Delivery of Notice to the designated representative of any Respondent constitutes service upon such Respondent.

Dated: This 15th day of April 2010.


JESSE WHITE
Secretary of State
State of Illinois

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Hearing Officer:
Soula J. Spyropoulos
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