

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

IN THE MATTER OF:

Phillip Herrejon

)
)
) **File Number: 0800576**
)
)

CONSENT ORDER OF PROHIBITION

TO RESPONDENT: Phillip Herrejon
136 N. Oak Street
West Chicago, Illinois 60185

TO RESPONDENT ATTORNEY:
Thomas Thorson
Attorney at Law
P.O. Box 1694
Chicago, Illinois 60304

WHEREAS, Respondent Phillip Herrejon ("Herrejon"), on the 13th day of April, 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, Phillip Herrejon has admitted to the jurisdiction of the Secretary of State and service of the Notice of Hearing of the Secretary of State, Securities Department, issued April 3, 2009 and the Amended Notice of Hearing issued dated September 17, 2009, in this proceeding (the "Notice") and Respondent has consented to the entry of this Consent Order of Prohibition ("Consent Order").

WHEREAS, by means of the Stipulation, Phillip Herrejon has acknowledged that the following Findings of Fact are intended to be a final determination of the issues and Respondent Phillip Herrejon agrees that he shall be estopped from making arguments contrary to the Findings of Fact in any collateral proceeding(s).

WHEREAS, by means of the Stipulation, Phillip Herrejon has acknowledged that the following shall be adopted as the Secretary of State's Findings of Fact, and has admitted to the truth thereof:

Count I
FAILURE TO REGISTER SECURITIES

- (1) Respondent Philip Herrejon ("Herrejon"), a natural person, has a last known address of West Chicago, Illinois.

CONSENT ORDER OF PROHIBITION

-2-

- (2) In 2004 and 2005, Respondent Herrejon was authorized to sign contracts for and Promissory Notes issued by Red Head Management, LLC. Red Head Management, LLC, ("Red Head ") is an Illinois Limited Liability Company.
- (3) In 2004 and 2005, Respondent Herrejon was authorized to sign contracts for and Promissory Notes issued by 1521 Hanover LLC. 1521 Hanover LLC is ("Hanover") is an Illinois Limited Liability Company, with a status of involuntarily dissolution on April 13, 2007.
- (4) In 2004 and 2005, Herrejon signed, offered and sold to Illinois Residents Promissory Notes (Notes) issued by Red Head Management, LLC, and co-signed by Herrejon on behalf of 1521 Hanover LLC, with a principal value of about Two Hundred Thousand Dollars (\$200,000.00).
- (5) The Notes offered and sold to the Illinois residents by Herrejon promised interest rates between twelve (12) percent to twenty-one (21) percent interest with varying maturities.
- (6) 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").
- (7) 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.
- (8) 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.
- (9) 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."
- (10) 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."
- (11) By virtue of the foregoing, Respondent violated Sections 12.A and 12.D of the Act.

CONSENT ORDER OF PROHIBITION

-3-

COUNT II

**Unregistered Dealer/Salesperson/
Investment Advisor/ Investment Advisor Representative**

- (1) That paragraphs one (1) through six (6) of Count I are re-alleged and incorporated herein.
- (2) Through the conduct described above, the respondent acted as a dealer and/or salesperson and/or investment advisor and/or investment advisor representative.
- (3) That at all relevant times, the respondent was not registered as a dealer and/or salesperson under the Act.
- (4) That at all relevant times, the respondent was not registered as an investment advisor and/ or investment advisor representative under the Act.
- (5) That by acting as a salesperson and/or dealer in the State of Illinois, without being registered as such, respondent violated section 12.C of the Act.
- (6) That by acting as an investment advisor and/or investment advisor representative in the State of Illinois, without being registered as such, respondent violated section 12.C of the Act.

Count IV

VIOLATION OF ORDER OF PROHIBITION

- (7) That on March 5, 2009, a Temporary Order of Prohibition (“Order”) was issued, prohibiting respondent from offering or selling securities in the State of Illinois.
- (8) That the Respondent was served with the Temporary Order of Prohibition and requested a Hearing.
- (9) That beginning in 2004 and continuing through present, respondent offered and sold Promissory Notes to investors, including but not limited to investors in the State of Illinois.
- (10) That the respondent violated the Order by offering and selling securities in the State of Illinois during the time that he was prohibited.
- (11) That by virtue of the foregoing violations of the Order, respondent violated Sections 12.A and 12.D of the Act.

WHEREAS, by means of the Stipulation Respondent has acknowledged that the following shall be adopted as the Secretary of State's Conclusion of Law:

CONSENT ORDER OF PROHIBITION

-4-

- (1) The Respondent violated Sections 12.A and 12.D of the Act.
- (2) The Respondent violated section 12.C of the Act.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that he shall be PROHIBITED from offering and selling of securities EXCEPT in compliance with the Illinois Securities Law of 1953 815 ILCS 5/1 et seq. (The "Act").

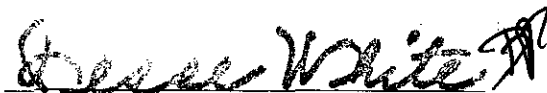
WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that he shall be levied costs incurred during the investigation of this matter in the amount of Two Hundred Fifty Dollars (\$250.00). Said amount is to be paid by certified or cashier's check, made payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has determined that the matter related to the aforesaid formal hearing may be dismissed without further proceedings.

NOW THEREFORE IT SHALL BE AND IS HEREBY ORDERED THAT:

1. The Respondent shall be PROHIBITED from offering and selling securities except in compliance with the Illinois Securities Law of 1953.
2. The Respondent is levied costs of investigation in this matter in the amount Two Hundred Fifty Dollars (\$250.00), payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund, and on April 13, 2010 has submitted Two Hundred Fifty Dollars (\$250.00) in payment thereof.
3. The Department shall retain jurisdiction over this proceeding for the sole purpose of enforcing the terms and provisions of the Stipulation herein.
4. The formal hearing scheduled on this matter is hereby dismissed without further proceedings.

ENTERED: This 13th day of April, 2010



JESSE WHITE
Secretary of State
State of Illinois

CONSENT ORDER OF PROHIBITION

-5-

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.

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. I, 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
Office of the Secretary of State
Illinois Securities Department
69 West Washington Street, Suite 1220
Chicago, Illinois 60602
Telephone: (312) 793-3023