

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

IN THE MATTER OF: MICHAEL HENDRIX

File No. 0800568

ORDER OF PROHIBITION

TO THE RESPONDENT.

Michael Hendrix  
18555 S. Kedzie Avenue  
Homewood, Illinois 60430

WHEREAS, the above-captioned matter came to be heard on September 22, 2009 pursuant to the Notice of Hearing dated June 10, 2009, filed by Petitioner Secretary of State, and the record of the matter under the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") has been reviewed by the Secretary of State or his duly authorized representative,

WHEREAS, attorney Felicia Simmons-Stovall appeared on behalf of the Illinois Securities Department ("Department") and introduced documentary evidence and witness testimony in support of the allegations contained in the Notice of Hearing,

WHEREAS the rulings of the Hearing Officer on the admission of evidence and all motions are deemed to be proper and are hereby concurred with by the Secretary of State:

WHEREAS, the proposed Findings of Fact, Conclusions of Law and Recommendations of the Hearing Officer, George P. Berbas, in the above-captioned matter have been read and examined.

WHEREAS, the proposed Findings of Fact of the Hearing Officer are correct in part and incorrect in part and are hereby adopted as modified as the Findings of Fact of the Secretary of State

1. The Department properly served the Notice of Hearing on Respondent Michael Hendrix on or about June 10, 2009

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- 2 The Respondent appeared at the hearing on August 12, 2009, the hearing was rescheduled and continued to September 22, 2009, at which time Respondent failed appear either in person, or through his attorney
- 3 The Respondent failed to answer or otherwise appear at the hearing in accordance with Section 130.1104
- 4 Respondent waived his right to a hearing
- 5 Michael Hendrix (hereinafter "Hendrix") is an individual whose last known address is 18555 S Kedzie, Homewood, Illinois 60430.
- 6 On or about May 21, 2008, Respondent Hendrix sold Complainant a 50 percent interest investment contract for \$20,000.00, with principal and interest due June 5, 2008. In exchange, Complainant gave Respondent a check for \$20,000.00, made payable to Respondent Hendrix
- 7 On or about June 1, 2008, Respondent Hendrix sold Complainant a 50 percent interest investment contract for \$40,000.00 with principal and interest due June 19, 2008. In exchange, Complainant gave Respondent a check for \$40,000.00, made payable to Respondent Hendrix
- 8 On or about June 6, 2008, Respondent Hendrix issued Complainant a 50 percent interest investment contract for \$30,000.00, replacing the May 21, 2008 investment contract
- 9 On or about June 19, 2008, Respondent Hendrix issued Complainant a 50 percent interest investment contract for \$50,000.00, replacing the two previous investment contracts.
- 10 Respondent failed to invest the funds as agreed.
- 11 Respondent failed to repay or return the funds to Complainant in this case.

WHEREAS, the Secretary of State finds the proposed Conclusions of Law of the Hearing Officer to be correct in part and incorrect in part and are hereby adopted as modified, based on the law and the record in this matter, and adopts them as the Conclusions of Law of the Secretary of State.

- 1 The Department properly served the Notice of Hearing on Respondent Michael Hendrix on or about June 10, 2009
- 2 The Notice of Hearing included the information required under Section 1102 of the Code.
3. The Secretary of State has jurisdiction over the subject matter hereof pursuant to the Act
4. Because of Respondent's failure to file a timely answer, special appearance or other responsive pleading in accordance with Section 130.1104.

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- a The allegations contained in the Amended Notice of Hearing are deemed admitted,
  - b Respondent waived his right to a hearing; and
  - c Respondent is subject to an Order of Default
- 5 Because the Respondent failed to appear at the time and place set for hearing, in accordance with Section 130.1109 of the Rules, he.
- a waived his right to present evidence, argue, object or cross examine witnesses, or
  - b otherwise participate at the Hearing
- 6 Respondent's conduct, as set forth in paragraphs 1 through 9 of the proposed Findings of Fact, constitutes the offer and sale of stock and/or investment fund share, and thus a security, pursuant to Sections 2.1 and 2.5 of the Illinois Securities Law of 1953 (815 ILCS 5) (the "Act").
- 7 Section 12 A of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, (the "Act") states that it shall be a violation of the provisions of this Act for any person to "offer or sell any security except in accordance with the provisions of this Act "
- 8 Section 5 of the Act provides, *inter alia*, that all securities except those exempt under Section 3 of the Act or those offered and sold in transactions exempt under Section 4 of the Act shall be registered with the Secretary of State prior to their offer or sale in the State of Illinois
9. Section 12.D of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, states that it shall be a violation of the provisions of the Act for any person to "fail to file with the Secretary of State any application, report or document under the provisions of this Act or any rule or regulation made by the Secretary of State pursuant to this Act or to fail to comply with the terms of any order of the Secretary of State issued pursuant to Section 11 hereof
10. Respondents failed to file an application for registration of the above-referenced securities with the Secretary of State and 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
- 11 By virtue of the foregoing, Respondents violated Sections 12.A and 12 D of the Act
- 12 Section 12 F of the Act provides *mer alia* that it shall be a violation of the provisions of the Act for any person to "engage in any

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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”

13. Respondent’s conduct was in violation of Section 12.F of the Act. Specifically, Respondent never invested the Complainant’s funds for the benefit of Complainant but rather Respondent converted Complainant’s money for Respondent’s own personal use and benefit
14. Section 12 G of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, states that it shall be a violation of the provisions 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 ”
15. Respondent’s conduct was in violation of Section 12 F of the Act. Respondent represented that the Complainant’s funds would be used to invest in multiple real estate ventures and instead, Respondent converted Complainant’s money for Respondent’s own personal use and benefit
16. Section 12 I of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.* states that it shall be a violation of the provisions 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 ”
17. The above conduct by Respondent was in violation of Section 12 I of the Act. Respondent issued to Complainant investment contracts that purported to replace and extend the due date of existing investment contracts. The new investment contracts represented that the Complainant’s funds would be used to invest in multiple real estate ventures. Instead, Respondent converted Complainant’s money for Respondent’s own personal use and benefit
18. By virtue of the foregoing, Respondent Michael Hendrix violated Sections 12 A, 12 D, 12.F, 12.G and 12.I of the Act.

WHEREAS, the Hearing Officer recommended that,

1. The Department’s request for a Default Judgment against the Respondent Michael Hendrix,
2. An order be entered prohibiting Respondent Michael Hendrix from selling or offering for sale securities; and

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- 3 State's request for a fine in the amount of \$50,000.00 against the Respondent fine be granted

WHEREAS, the Hearing Officer found the Respondent in default and recommended that the Secretary of State PROHIBIT Respondent Michael Hendrix from offering or selling securities in the state of Illinois, and the Department accepts the recommendation of the Hearing Officer

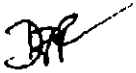
WHEREAS, the Secretary of State accepts the Recommendations of the Hearing Officer and has determined based upon the Findings of Fact and Conclusions of Law that an Order shall be entered permanently PROHIBITING Respondent Michael Hendrix from offering or selling securities in the State of Illinois

WHEREAS, the Secretary of State accepts the Recommendations of the Hearing Officer and has determined based upon the Findings of Fact and Conclusions of Law that an Order shall be entered that Respondent Michael Hendrix be fined in the amount of \$50,000.00

NOW THEREFORE, IT SHALL BE AND IS HEREBY ORDERED THAT:

- 1 Michael Hendrix is **PROHIBITED** from offering, and/or selling securities in the State of Illinois.
- 2 Michael Hendrix is **FINED** in the amount of \$50,000.00

ENTERED, This 19th day of February 2010

  
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**JESSE WHITE**  
Secretary of State  
State of Illinois

NOTICE. Failure to comply with the terms of this Order shall be a violation of Section 12 D of the Act. Any person or entity who fails to comply with the terms of this Order shall be a violation of Section 12 D of the Act. Any person or entity who fails to comply

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with the terms of this Order of the Secretary of State, having knowledge of the existence of this Order, shall be guilty of 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 Act (14 Ill Admin Code, Ch 1 Sec 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

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