

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

\_\_\_\_\_  
IN THE MATTER OF: )  
ROY EUGENE COMBS d/b/a )  
HORIZON CLUB )  
\_\_\_\_\_ )

FILE NO. 06-00056

**ORDER OF PROHIBITION**

**TO THE RESPONDENT:      ROY EUGENE COMBS  
177-F RIVERSIDE AVENUE  
PMB 1042  
NEWPORT BEACH,  
CALIFORNIA 92663-4018**

WHEREAS, the above-captioned matter came on to be heard on April 13, 2010, pursuant to the Notice of Hearing dated July 13, 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 Jason Chronopoulos 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 James L. Kopecky, Esq., in the above-captioned matter have been read and examined,

WHEREAS, the Hearing Officer found that there existed subject matter and personal jurisdiction over the Respondent, and further found that pursuant to Sections 130.1104(b) and 130.1109 of Rules and Regulations under the Illinois Securities Law of 1953, Respondent has admitted all factual allegations contained in the Notice of Hearing;

WHEREAS, the Hearing Officer found that the Department had proved the allegations contained in the Notice of Hearing;

WHEREAS, the following Findings of Fact of the Hearing Officer are correct and are hereby adopted as the Findings of Fact of the Secretary of State:

1. The Department served Respondent with a Notice of Hearing on July 23, 2009.
2. The Respondent failed to answer, appear, or submit a responsive pleading.
3. The Respondent did not appear at the Hearing.
4. Respondent ROY EUGENE COMBS ("COMBS") is the founder and president of HORIZON CLUB ("HORIZON"). On information and belief, COMBS is a resident of California.
5. HORIZON is an unincorporated business entity with a last known address of 177-F Riverside Avenue, PMB 1042 in Newport Beach, California, where it has been operating since at least 1991.
6. HORIZON is under the exclusive control and direction of COMBS
7. Beginning in 1991, COMBS solicited at least one resident of Illinois ("Investor") for investments into HORIZON and several affiliated companies.
8. COMBS told Investor that HORIZON sought multi-stage capital and financing for several companies affiliated with COMBS and HORIZON, including, but not limited to, "Agricultural Industries," "Preferred Royal Partners," "Paragon Media," "Lyonsgate Investment Banking," and "Pacific Electric Research."
9. COMBS offered Investor "Special Membership" shares, in the form of HORIZON common stock and Class A stock.
10. COMBS also offered Investor the opportunity to purchase warrants that would be invested into the companies identified in paragraph 8, above.
11. COMBS promised Investor high returns on his principal for the HORIZON stock and shares, as well as the warrants, up to 25% per annum.
12. COMBS led Investor to believe that investing through COMBS and HORIZON would not only secure Investor's life savings but also provide a high return allowing Investor to live comfortably in his retirement while also leaving an appreciable inheritance for his relatives.
13. From 1991 through 2005, COMBS obtained in excess of \$140,000.00 from Investor to invest into "Special Membership" shares of HORIZON and the purported warrants. This money constituted Investor's life savings.

14. COMBS did mail Investor statements memorializing Investor's purchases of the Special Membership shares and warrants, the principal invested and the return on the Investment that Investor was to receive.
15. COMBS lied COMBS never invested Investor's money, nor did COMBS ever provide Investor any return of principal or interest on the purported investments.
16. COMBS used Investor's money to finance his lifestyle, paying for, among other things, dinners, vacations, stays at resorts and automobile repairs.
17. In fact, the companies identified in paragraph 8, above, do not exist "Agricultural Industries," "Preferred Royal Partners," "Paragon Media," "Lyonsgate Investment Banking," and "Pacific Electric Research," are names similar to legitimate companies, names to which COMBS made slight changes to so that his ruse would be difficult to uncover.
18. By 2000, COMBS had stolen most of Investor's life savings, but that was not enough; evidencing a complete lack of moral fiber and an audacity only found with the most callous of scoundrels, COMBS utilized a collections agency to force Investor into paying an additional \$25,000.00 into COMBS' fraudulent scheme.
19. COMBS has a history of defrauding Investors through his Horizon Club investment scheme and other corporate entities.
20. From 1987 and through the mid-1990s, Cease and Desist Orders were issued against COMBS and his various fraudulent schemes from the States of Iowa, Montana, Alaska, Missouri, California and Arizona. These schemes included not only the above-described investments, but also fraudulent investments into oil and gas leases and oil and gas exploration companies.

WHEREAS, the Conclusions of Law made by the Hearing Officer are correct and are hereby adopted as the Conclusions of Law of the Secretary of State

- 1 The Department properly served the Notice of Hearing on Respondent.
- 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 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 13.1104:
  - (a) the allegations contained in the Amended Notice of Hearing are deemed admitted;

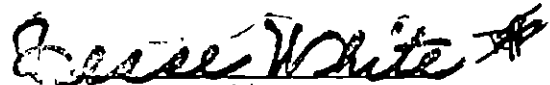
- (b) Respondent waived his right to a hearing;
  - (c) Respondents is subject to an Order of Default.
5. Because the Respondent failed to appear at the time and place set for hearing, in accordance with Section 130 1109, he
    - (a) waived his right to present evidence, argue, object or cross examine witnesses; or
    - (b) otherwise participate at the hearing.
  6. Respondent's investments as described above, constitute a "Security" as defined in 815 ILCS 5/2.1 of the Illinois Securities Law of 1953 (the "Act" hereafter).
  7. The activities described above constitute the offer and sale of a security as those terms are defined in Sections 2.1, 2.5, and 2.5a of the Act. 815 ILCS 5/2.5 and 2.5a.
  8. Section 5 of the Act requires all securities offered or sold in Illinois to be registered with the Secretary of State.
  9. Section 12.A of the Act states that it shall be a violation of the provisions of the Act to offer or sell any security except in accordance with the provisions of this Act.
  10. Section 12.D of the Act states that it shall be a violation of the provisions of the Act 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 any regulation made by the Secretary of State.
  11. COMBS' HORIZON stock and various warrants were not registered with the Secretary of State, and therefore, COMBS has violated Sections 12.A and 12.D of the Act.
  12. Section 12.F of the Act states 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 or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof."
  13. 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 "
  14. Section 12.1 of the Act states 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.

15 COMBS activities, as described in the Findings of Fact above, constitute violations of Sections 12.F, 12.G, and 12.1 of the Act.

WHEREAS, the Hearing Officer recommended that Respondent Roy Eugene Combs be prohibited, pursuant to Section 11.E(2) of the Act, from offering or selling securities in or from the State of Illinois:

NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11. E(2) of the Act, Respondent Roy Eugene Combs is **PROHIBITED** from offering or selling securities in or from this State

ENTERED: This 6<sup>th</sup> day of May, 2010



JESSE WHITE  
Secretary of State  
State of Illinois

Attorney for the Department  
Jason Chronopoulos  
69 West Washington Street  
Suite 1220  
Chicago, 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 that fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of this 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, 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.