

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

IN THE MATTER OF: TAMARA R. HARRELL; and  
PRESCOTT INVESTMENT, INC.  
their partners, officers and directors,  
managers, agents, employees,  
affiliates, successors and assigns

FILE NO. 0800092

NOTICE OF HEARING

TO RESPONDENTS:

Tamara R. Harrell  
3740 Martin Luther King Drive  
Chicago, Illinois 60637

Prescott Investment, Inc.  
215 East 31<sup>st</sup> Street  
Chicago, Illinois 60616

You are hereby notified that pursuant to Section 11.E of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") and 14 Ill. Adm. Code 130, Subpart K, a public hearing will be held at 69 W. Washington Street, Suite 1220, Chicago, Illinois 60602, on the 2nd day of December, 2009, at the hour of 10:00 a.m., or as soon as possible thereafter, before, Soula J. Spyropoulos, Esq. or such duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether an Order shall be entered pursuant to Section 11.E of the Act prohibiting 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 imposition of a monetary fine in the maximum amount pursuant to 11.E(4) of the Act, payable within 10 (ten) days of the order.

The grounds for such proposed action are as follows:

1. Respondent Prescott Investments, Inc., ("Prescott") is an Illinois corporation with a last known address of 215 East 31<sup>st</sup> Street, Chicago, Illinois 60616.

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2. Respondent Tamara R. Harrell ("Harrell") is the President of Prescott and has a last known address of 3740 Martin Luther King Drive, Chicago, Illinois 60637.
3. In April 2007, Harrell solicited investments from at least one Illinois resident ("Investor").
4. In September 2007, the Investor was solicited by the Respondent to pay Five Thousand Dollars (\$5000) to Harrell in exchange for a promise by Prescott that the money would be used in the purchase, rehabilitation, and resale of foreclosed properties.
5. On September 26, 2007, Respondent Harrell and the Investor had an oral agreement where the Investor would paid Harrell a total of \$5000 and Prescott would triple and distribute the initial investment of \$5,000 within (30) days.
6. The oral agreement was reduced to a hand written contract that changed the terms of the initial agreement. In this contract, the Investor was promised that Prescott would double and distribute the initial investment of \$5,000 within sixty (60) days of the initial investment on September 26, 2007.
7. In or about September 2008, one year after the initial investment, the Investor had not received any of the principal or interest guaranteed by Respondent Harrell.
8. At this time, the Investor filed a police report with the Chicago Police Department and Respondent Harrell was arrested in September 2008.
9. To date, after several demands, Respondent Harrell has only repaid \$5,000 of the principal invested by the Investor.
10. To date, despite demands, Complainant has not received any of the interest due back from her investment.
11. Harrell's activities described above involve the offer and sale of a note and/or an investment contract 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").

### COUNT I

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

12. Respondent Harrell represented that she was a licensed real estate attorney while soliciting the Investor and negotiating the terms of the investment contract.
13. Respondent Harrell failed to disclose to the Investor that the Illinois Supreme Court disbarred her on September 23, 1994, which was approximately thirteen (13) years prior to this transaction.
14. Respondent Harrell failed to disclose to the Investor any risks involved in the Investment Contract that Prescott would not pay the promised principal or interest according to the terms of the signed agreement.

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15. Harrell, at the time of the Investment Contract, failed and refused to notify the Investor that the principal would be converted to her own benefit rather than used to generate interest for the Investor's benefit.
16. 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".
17. 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 the light of the circumstances under which they were made, not misleading.
18. 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".
19. By virtue of the foregoing, Harrell violated Sections 12.F, 12.G and 12.I of the Act.

**COUNT II**

**FAILURE TO REGISTER SECURITIES**

20. Section 5 of the Act provides, *inter alia*, that "all securities except those set forth under Section 2a of this Act...or those exempt...shall be registered...prior to their offer or sale in this State.
21. Prescott failed to file an application with the Secretary of State to register the investment contract as required by the Act, and as a result the investment contract was not registered as such prior to their sale in the State of Illinois.
22. Section 12.A of the Act provides, *inter alia*, that it shall be a violation of the Act to offer or sell any security except in accordance with the provisions of the Act.
23. Section 12.D of the Act provides, *inter alia*, that it shall be a violation 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 this Act or any rule or regulation made by the Secretary of State pursuant to the Act or to fail to comply with the terms of any order of the Secretary of State issued pursuant to Section 11 hereof.
24. By virtue of the foregoing, Harrell violated Sections 12.A and 12.D of the Act.

**COUNT III**

**FAILURE TO RESPOND TO AN ILLINOIS SECURITIES DEPARTMENT SUBPOENA  
DUCES TECUM AND SUBPOENA AD TESTIFICANDUM**

25. On July 9, 2009, the Department issued a Subpoena Duces Tecum and a Subpoena Ad Testificandum in the matter of File No. 08-00092 and the Illinois Department of Securities ("Department") Investigators David Stephenson and Frank Perry personally served the Subpoenas to Respondents Tamara Harrell and Prescott Investment Inc.
26. Attached to each of the Subpoenas was a "Schedule A" listing the documents or information to be produced.
27. The due date for the Subpoena Duces Tecum was July 15, 2009.
28. The due date for the Subpoena Ad Testificandum was July 17, 2009.
29. As of Wednesday, July 15, 2009, the Department had not received any documents or information responsive to the Subpoena.
30. As of Wednesday July 15, 2009, the Respondent neither requested nor received an extension of time to respond to the Subpoena.
31. As of Friday, July 17, 2009, the Respondent failed to appear before the Department with the requested documents or information.
32. As of Friday, July 17, 2009, the Respondent neither requested nor received an extension of time to respond to the Subpoena.
33. On July 22, 2009, the Department received a letter from the Respondent that stated that she would not be complying with the Subpoenas until more information regarding the violations were provided.
34. The Subpoenas were issued pursuant to Section 11.D(1) of the Illinois Securities law of 1953 (815 ILCS 5/1 et. seq.) (the "Act").
35. Section 11.D of the Act states, inter alia, that the Secretary of State or a person designated by him or her may require by subpoena the production of any books and records, papers, or other documents which the Secretary of State or a person designated by him or her deems relevant or material to the inquiry.
36. The Respondents Tamara R. Harrell and Prescott Investment Inc. failed to respond to the Subpoenas in a timely manner and failed to produce documents by the due date that were subpoenaed by the Department pursuant to the authority granted under Section 11.D(1) of the Act.

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37. Section 8.E(1)(r) of the Act provides, inter alia, that the registration of a dealer may be suspended or revoked, if the dealer has impeded designees of the Secretary of State from conducting an investigation under this Act.
38. By virtue of the foregoing, Respondents failure to respond to the Subpoenas by the due date impeded designees of the Secretary of State from conducting an investigation under Section 11.D(1) of the Act.

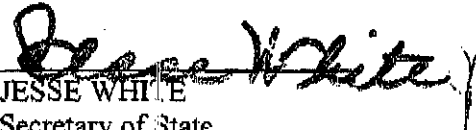
You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 Ill. Adm. Code 130) ("the rules"), to file an answer to the allegations outlined above within thirty (30) days of the receipt of this notice. A failure to file an answer within the prescribed time shall be construed as an admission of the allegations contained in the Notice of Hearing and waives your right to a hearing WK.

Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to appear shall constitute default. Unless the Respondent has upon due notice moved for and obtained a continuance.

The Rules promulgated under the Act and pertaining to Hearings held by the office of the Secretary of State, Securities Department may be viewed online at <http://www.cyberdriveillinois.com/departments/lawrules.html>.

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

Dated: This 13th day of October 2009.

  
JESSE WHITE  
Secretary of State  
State of Illinois

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Hearing Officer:  
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