

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

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**IN THE MATTER OF:**

**William W. Block Jr.**

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**File Number: 0600453**

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**ORDER OF PROHIBITION**

**TO RESPONDENT:** William W. Block Jr.  
1212 N. Sheridan Road  
Lake Forest, Illinois 60045

WHEREAS, a Temporary Order of Prohibition was issued by the Illinois Secretary of State, on May 29, 2009, temporarily prohibiting the Respondents from offering or selling securities in the State of Illinois until further order from the Secretary of State.

WHEREAS, pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act"), the failure to request a hearing within thirty (30) calendar days of the entry of a Temporary Order shall constitute an admission of any facts alleged therein and constitute a sufficient basis to make the Temporary Order final.

WHEREAS, the Respondents have failed to request a hearing on the matters contained in the Temporary Order within thirty (30) calendar days of the entry of said Temporary Order and the Respondents are hereby deemed to have admitted the facts alleged in the said Temporary Order.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Findings of Fact contained in the said Temporary Order as the Secretary of State's Final Findings of Fact as follows:

**Count I.**  
**FRAUD IN THE SALE OF SECURITIES**

1. Respondent William W. Block Jr. ("Block") is a natural person with the last known address of 1212 N. Sheridan Road, Lake Forest, Illinois.

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2. Block represented to Illinois investors that he was doing business as William W. Block, and used the name of the "Block Children Trust", and as shown by his following actions: opening bank accounts in the name of William W. Block and Block Children Trust, signing documents as William W. Block and Block Children Trust, including, but not limited to, promissory notes and investment contracts.
3. In 2006, Respondent Block directly sold and offered to sell Promissory Notes and investment contracts to the general public, including residents of the State of Illinois ("Investors").
4. In 2006, Block solicited several Illinois Investors to purchase Promissory Notes and investment contracts totaling over \$873,500.00 with the promise to pay interest from 3.5% to 100% over ninety (90) days.
5. Block represented to Investors that the proceeds of the investment were to be used to facilitate the funding of an energy transaction.
6. Contrary to the representation Block made to the Investors, Block deposited the Illinois Investors' check into respondent's bank accounts and proceeded to dissipate the funds therein.
7. To date, Illinois investors have not received any return on their investments, and the respondent has failed to have their investment returned or any accounting of investment.
8. Respondent omitted, to inform Investors that he was convicted and sentenced to federal prison in 1997 for bank fraud Case # 0:97-cr-00023-PAM-AJB-ALL, U.S. District Court, District of Minnesota, for which Block served 21 months in prison, with five years supervised release.
9. 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").
10. 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." 815 ILCS 5/12.F
11. 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." 815 ILCS 5/12.G.
12. Section 12.I 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

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connection with the sale or purchase of any security, directly or indirectly. 815 ILCS 5/12.I.

13. Respondent refused or omitted, to inform Investors that respondent was not registered with the Secretary of State. By virtue of this conduct, Respondents violated Sections 12.F, 12.G, and 12.I of the Act.

**Count II.**

**FAILURE TO REGISTER SECURITIES**

- 1-7. That paragraphs one (1) through seven (7) of Count I are re-alleged and incorporated herein as paragraphs one (1) through seven (7) of this Count II.
8. 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").
9. 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.
10. 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.
11. 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."
12. 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."
13. By virtue of the foregoing, Respondent violated Sections 12.A and 12.D of the Act.

**Count III**

**UNREGISTERED DEALER/SALESPERSON**

- 1-7. That paragraphs one (1) through seven (7) of Count I are re-alleged and incorporated herein as paragraphs one (1) through seven (7) of this Count II.
8. Through the conduct described in paragraphs three (3) through eight (8), the respondent acted as a dealer and/or salesperson for the sale of copious promissory notes to investors.

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9. That 12.C of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to act as a dealer, salesperson, investment advisor, or investment advisor representative, unless registered such, ~~where such registration is required~~ under this Act.
10. That at all relevant times, the Respondent was not registered as a dealer and/or salesperson under the Act.
11. 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.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Conclusions of Law contained in the said Temporary Order as the Secretary of State's Conclusions of Law as follows:

Respondents violated Sections 12.A, 12.D, 12.F, 12.G, 12.I, and 12.C of the Act.

NOW THEREFORE IT IS HEREBY ORDERED: That pursuant to Section 11.F of the Act, the Respondent, William W. Block Jr **shall be and is hereby permanently PROHIBITED** from offering or selling any securities in or from the State of Illinois.

Dated: This 7<sup>th</sup> day of July 2009.

  
JESSE WHITE  
Secretary of State  
State of Illinois

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:  
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