

**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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**TEMPORARY ORDER OF PROHIBITION**

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

On information and belief, I, Jesse White, Secretary of State for the State of Illinois, through my designated representative, who has been fully advised in the premises by the staff of the Securities Department, Office of the Secretary of State, herein find:

**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.
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.

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6. Contrary to the representation Block made to the Investor, Block deposited the Illinois Investor's 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. Respondents refused or 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 connection with the sale or purchase of any security, directly or indirectly. 815 ILCS 5/12.I.
13. Respondents 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.

### **II. FAILURE TO REGISTER SECURITIES**

- 1-9. That paragraphs one (1) through eight (8) of Count I are re-alleged and incorporated herein as paragraphs one (1) through nine (9) of this Count II.
10. 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").
11. 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

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“shall be registered either by coordination or by qualification prior . . . to their offer or sale” in the State of Illinois.

12. 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.
13. 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.”
14. 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.”
15. By virtue of the foregoing, Respondent violated Sections 12.A and 12.D of the Act.

**Count III**

**UNREGISTERED DEALER/SALESPERSON**

- 1-9. That paragraphs one (1) through eight (8) of Count I are re-alleged and incorporated herein as paragraphs one (1) through nine (9) of this Count III.
10. 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.
11. 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.
12. That at all relevant times, the respondent was not registered as a dealer and/or salesperson under the Act.
13. 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.
14. The aforementioned findings are based upon credible evidence.
15. Section 11.F(2) of the Act provides, *inter alia*, that the Secretary of State may temporarily prohibit the offer or sale of securities by any person, without notice and prior hearing, if the Secretary of State shall deem it necessary to prevent an imminent violation of the Act or to prevent losses to investors that will occur as a result of prior violations of the Act.
16. The entry of this **Temporary Order of Prohibition** prohibiting Respondent, or their agents, affiliates, successors and employees, from offering or selling

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securities in the State of Illinois is in the public interest and for the protection of the investing public and is consistent with the purposes intended by the provisions of the Act.

NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, Respondent William Block and his/its partners, members, officers, directors, agents, employees, affiliates, successors and assigns, are **Temporarily Prohibited** from offering or selling securities in or from this State until the further Order of the Secretary of State.

NOTICE is hereby given that Respondent may request a hearing on this matter by transmitting such request in writing to the Director, Illinois Securities Department, 69 West Washington Street, Suite 1220, Chicago, Illinois 60602. Such request must be made within thirty (30) calendar days of the date of entry of the **Temporary Order of Prohibition**. Upon receipt of a request for hearing, a hearing will be scheduled as soon as reasonably practicable. A request for hearing will not stop the effectiveness of this Temporary Order of Prohibition and will extend the effectiveness of this Temporary Order of Prohibition for ninety (90) days from the date the hearing request is received by the Department.

FAILURE BY ANY RESPONDENT TO REQUEST A HEARING WITHIN THIRTY (30) CALENDAR DAYS AFTER ENTRY OF THIS TEMPORARY ORDER OF PROHIBITION SHALL CONSTITUTE AN ADMISSION OF ANY FACTS ALLEGED HEREIN AND SHALL CONSTITUTE SUFFICIENT BASIS TO MAKE THIS TEMPORARY ORDER OF PROHIBITION FINAL.

Dated: This 29<sup>th</sup> day of May 2009.



JESSE WHITE  
Secretary of State  
State of Illinois

Attorney for the Secretary of State:  
Mary A. Lopez  
Illinois Securities Department  
69 West Washington Street  
Chicago, Illinois 60602  
312-793-3023