

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

**IN THE MATTER OF: DAL SANTO CAPITAL
MANAGEMENT, LLC; ROBERT DALSANTO,
DAVID DALSANTO, SAMUEL DALSANTO,
and LUCID FUND, LLC.**

File No. 0700029

AMENDED NOTICE OF HEARING

TO RESPONDENTS:

Robert DalSanto
1061 Boulder Place
Oceanside, California 92057

David DalSanto
1899 Deere Lane
Glendale Heights, Illinois 60139

David DalSanto
1061 Boulder Place
Oceanside, California 92057

Samuel DalSanto
1061 Boulder Place
Oceanside, California 92057

Dal Santo Capital Management, LLC
1899 Deere Lane
Glendale Heights, Illinois 60139

Lucid Fund, LLC
1899 Deere Lane
Glendale Heights, Illinois 60139

**ATTORNEY FOR
RESPONDENTS**

Gregg Rzepczynski
Gregg Rzepczynski & Associates Ltd.
175 W. Jackson Blvd. - Suite 1650
Chicago, IL 60604

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] ("Act") and 14 Ill. Adm. Code 130, Subpart K, a public hearing will be held at the office of the Illinois Securities Department, at 69 West Washington Street, Suite 1220, Chicago, Illinois 60602, commencing on April 21, 2009, at the hour of 10:00 a.m., and

continuing through April 22, 2009, or as soon as possible thereafter, before Hearing Officer James L. Kopecky, or such other duly designated hearing officer of the Secretary of State.

At the hearing, the Illinois Securities Department will request the hearing officer recommend an order be entered that would prohibit Respondents Robert DalSanto, Samuel DalSanto, David DalSanto, Dal Santo Capital Management LLC, and Lucid Fund, LLC, from engaging in the business of selling or offering for sale securities in the State of Illinois pursuant to Section 11.E(2) of the Act; impose a monetary fine of \$10,000 each Respondent for each violation of the Act, pursuant to Section 11.E(4) of the Act; and assess joint and several liability against each Respondent for the costs of the Department's investigation of this proceeding, pursuant to Section 11.E(4) of the Act.

The grounds for such proposed action are as follows:

Misrepresentations
Fraudulent Failures to Disclose Material Facts
Circulation of Fraudulent Statements
Fraudulent Transactions, Practices, or Courses of Business
Devices, Schemes or Artifices to Defraud

1. Respondent Robert DalSanto, ("Robert," or, collectively with Samuel DalSanto and David DalSanto, "Respondents") is an individual whose address is 1061 Boulder Place, Oceanside, California 92057. From at least as early as May 2004, and continuing through at least as late as January 31, 2006 ("this period"), Robert was responsible for trading and sales of Respondent Lucid Fund.
2. Respondent Samuel DalSanto, ("Samuel," or, collectively with Robert DalSanto and David DalSanto, "Respondents") is an individual whose address is 1061 Boulder Place, Oceanside, California 92057. During this period, Samuel was responsible for sales of Respondent Lucid Fund.
3. Respondent David DalSanto, ("David," or, collectively with Robert DalSanto and Samuel DalSanto, "Respondents") is an individual whose address is 1061 Boulder Place, Oceanside, California 92057. During this period, David was responsible for accounting for Respondent Lucid Fund and prepared investor account statements for Respondent Lucid Fund.
4. Respondent Dal Santo Capital Management, LLC, ("Dal Santo Capital") was a business entity whose address during this period was 1899 Deere Lane, Glendale Heights, Illinois 60139. Robert was the managing member of Respondent Dal Santo Capital during this period.
5. Respondent Lucid Fund, LLC ("Lucid Fund"), was a business entity whose address during this period was 1899 Deere Lane, Glendale Heights, Illinois 60139. Robert was the managing member of Respondent Lucid Fund during this period.

Amended Notice of Hearing

-3-

6. Respondent Lucid Fund was an investment fund that Robert and Samuel represented would derive profits from online stocks and options trading.
7. Robert was responsible for making the trades for Respondent Lucid Fund based on a formula that he had created for online trading.
8. Investors #1 and #2 are adults who were residents of Illinois during this period.
9. In or around late April 2004 or early May 2004, Robert and Samuel, acting on behalf of Respondents Dal Santo Capital and Lucid Fund, met with Investor #1 in Illinois, and offered him an investment in Respondent Lucid Fund.
10. In or around late April 2004 or early May 2004, Robert, in Samuel's presence, told Investor #1 that Robert had successfully made profits by using a formula he had created and used over the previous four or so years to trade stocks and options online, and that Respondent Dal Santo Capital would manage Respondent Lucid Fund or other hedge funds to make trades to derive profits based on the same formula.
11. Robert told Investor #1 that Robert had successfully made profits by trading stocks and options online over the previous four or so years, and that Respondent Dal Santo Capital would manage Lucid Fund or other hedge funds to make trades to derive profits based on the formula Robert had created and used over the previous four or so years.
12. Investor #1 conditioned his investing in hedge funds with Respondent Dal Santo on Robert having sole responsibility for managing Investor #1's investment. Robert agreed to this condition.
13. On or around May 3, 2004, Robert and Samuel collected a check from Investor #1 in Illinois in the amount of \$90,000.00 for an investment in Respondent Lucid Fund.
14. On or around May 13, 2004, Robert and Samuel collected a check from Investor #1 in Illinois in the amount of \$10,000.00 for an investment in Respondent Lucid Fund.
15. Approximately a year later, in 2005, when Investor #1 asked Robert for overdue account statements for his investment, he learned Robert was not maintaining sole responsibility for managing his investment, despite his promise to do so.
16. In or around November 22, 2004, Robert and Samuel, acting on behalf of Respondents Dal Santo Capital and Lucid Fund, met with Investor #2 in Illinois, and offered him an investment in Respondent Lucid Fund.
17. Robert, in Samuel's presence, told Investor #2 that Robert had successfully made profits by using a formula he had created and used over the previous four or so years to trade stocks and options online, and that Respondent Dal Santo Capital would

Amended Notice of Hearing

-4-

manage Respondent Lucid Fund or other hedge funds to make trades to derive profits based on the same formula.

18. On or around November 22, 2004, Robert collected a check from Investor #2 in Illinois in the amount of \$50,000.00 for an investment in Respondent Lucid Fund.
19. Respondent Dal Santo Capital provided to the investors account statements for their investments in Respondent Lucid Fund that were prepared by David.
20. The last statement Respondent Dal Santo Capital provided to Investor #1, dated January 31, 2006, stated Investor #1's investment in Respondent Lucid Fund had a value of \$122,368.59, for a profit of \$22,368.59.
21. The last statement Respondent Dal Santo Capital provided to Investor #2, dated January 31, 2006, stated his investment in Respondent Lucid Fund had a value of \$52,224.95, for a profit of \$2,224.95.
22. Despite Robert and Samuel representing to Investors #1 and #2 that the investors' funds would be invested in Respondent Lucid Fund or other hedge funds that would make trades to derive profits based on a formula Robert had created for online trading, Respondents and Respondents Dal Santo Capital used the investors' funds for other purposes not approved by the investors.
23. Despite Robert and Samuel representing to Investors #1 and #2 that the investors' funds would be invested in Respondent Lucid Fund or other hedge funds that would make trades to derive profits based on a formula Robert had created for online trading, Respondents and Respondents Dal Santo Capital knew they were using the investors' funds for other purposes not approved by the investors.
24. Neither Respondents nor Respondents Dal Santo Capital or Lucid Fund ever advised Investors #1 or #2 that their investments had been used for any purpose other than investments in Respondent Lucid Fund.
25. Respondents and Respondents Dal Santo Capital or Lucid Fund knew none of them ever advised Investors #1 or #2 that their investments had been used for any purpose other than investments in Respondent Lucid Fund.
26. Despite providing periodic statements to Investors #1 and #2 that showed profits for the investment in Respondent Lucid Fund, Respondents and Respondents Dal Santo Capital and Lucid Fund knew the statements were false, and knew that at no time did either Investors #1 or #2 make any profits from their investments in Respondent Lucid Fund.
27. Despite providing periodic statements to Investors #1 and #2 that showed profits for the investment in Respondent Lucid Fund, Respondents and Respondents Dal Santo Capital and Lucid Fund reasonably should have known the statements were false, and

Amended Notice of Hearing

-5-

that at no time did either Investors #1 or #2 make any profits from their investments in Respondent Lucid Fund.

28. Section 12.F of the Act provides it shall be a violation of the provisions 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 of the securities.
29. Section 12.G of the Act provides 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 the light of the circumstances under which they were made, not misleading.
30. Section 12.H of the Act provides it shall be a violation of the provisions of the Act for any person to sign or circulate any statement or other paper or document pertaining to any security knowing or having reasonable grounds to know any material representation contained in the statement or other paper or document is true false.
31. Section 12.I of the Act provides 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.
32. By virtue of the foregoing, Respondents violated Sections 12.F, G, H, and I of the Act.
33. Some or all of the investors' funds were used for purposes of the Respondents and Respondent Dal Santo Capital different from trading stocks and options online based on Robert's claimed successful trading formula, as promised by the Respondents and Respondent Dal Santo Capital.
34. Respondents and Respondent Dal Santo Capital knew they were using the investors' funds for purposes different the purposes Robert and Samuel had represented to the investors.
35. Respondents and Respondent Dal Santo Capital reasonably should have known they were using the investors' funds for purposes other than the purposes Robert and Sam represented to the investors.
36. Section 12.F of the Act provides that it shall be a violation of the provisions 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 of the securities.
37. Section 12.G of the Act provides 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

Amended Notice of Hearing

-6-

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.

38. Section 12.I of the Act provides 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.
39. By virtue of the foregoing, each of the Respondents violated Section 12.F, G, and I of the Act.
40. Section 11.E(2) of the Act provides that if the Secretary of State finds that any person has violated sections 12.F, G, H, or I of the Act, the Secretary of State may by written order permanently prohibit or suspend the person from offering or selling any securities, any mineral investment contract, or any mineral deferred delivery contract in this state, provided that any person who is the subject of an order of permanent prohibition may petition the Secretary of State for a hearing to present evidence of rehabilitation or change in circumstances justifying the amendment or termination of the order or permanent prohibition.
41. By virtue of the foregoing violations of sections 12.F, G, H, and I, each of the Respondents are subject to an order of permanent prohibition from offering or selling any securities in the state of Illinois, pursuant to Section 11.F(2) of the Act.
42. Section 11.E(4) of the Act provides that the Secretary of State may issue an order of public censure against the violator, and may charge as costs of investigation all reasonable expenses, including attorney's fees and witness fees.
43. By virtue of the foregoing, each of the Respondents are subject to censure and costs of investigation pursuant to Section 11.E(4) of the Act.

You are further notified that you are required pursuant to Section 130.1104(a) of the Rules and Regulations (14 Ill. Adm. Code 130.1104(a)) (the "Rules"), to file an answer to the allegations outlined above within ten 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 Amended Notice of Hearing.

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

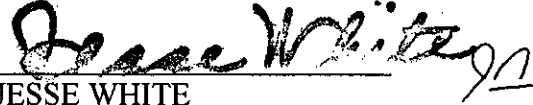
A copy of the Rules, promulgated under the Act and pertaining to hearings held by the Office of the Secretary of State, Securities Department, is available upon request or at <http://www.ilga.gov/commission/jcar/admincode/014/01400130sections.html>.

Amended Notice of Hearing

-7-

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

Dated: this 26th day of March, 2009.

A handwritten signature in black ink that reads "Jesse White" followed by a stylized flourish.

JESSE WHITE
Secretary of State
State of Illinois

Bernadette Cole
Enforcement Attorney
Illinois Securities Department
69 West Washington Street - Suite 1220
Chicago, Illinois 60602
312-793-3378

Hearing Officer:
James L. Kopecky
321 North Clark Street - Suite 2200
Chicago, IL 60610

CERTIFICATE OF SERVICE

I hereby certify that on March 26, 2009, I caused a true copy of the Illinois Secretary of State's Amended Notice of Hearing, issued March 26, 2009, in the *Matter of Dal Santo Capital Management, LLC, Robert DalSanto, David DalSanto, Samuel DalSanto, and Lucid Fund, LLC*, Illinois Securities Department File Number 0700029, to be served on the following persons via U.S. Postal Service certified mail, return receipt requested, first-class postage prepaid, and via the Index Department of the Secretary of State at the following addresses; and via facsimile number listed below for Gregg Rzepczynski:

Robert DalSanto
1061 Boulder Place
Oceanside, California 92057

Hearing Officer
James L. Kopecky
190 S. La Salle St. - Suite 850A
Chicago, IL 60603

David DalSanto
1899 Deere Lane
Glendale Heights, Illinois 60139

David DalSanto
1061 Boulder Place
Oceanside, California 92057

Samuel DalSanto
1061 Boulder Place
Oceanside, California 92057

Dal Santo Capital Management, LLC
1899 Deere Lane
Glendale Heights, Illinois 60139

Lucid Fund, LLC
1899 Deere Lane
Glendale Heights, Illinois 60139

Gregg Rzepczynski
Attorney for Respondents
Gregg Rzepczynski & Associates Ltd.
175 West Jackson Blvd. Ste. 1650
Chicago, Illinois 60604

F: 312.922.1794

Dated: March 26, 2009.



Bernadette Cole