

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

IN THE MATTER OF: )

**Wayne R. Hannah III,** )

**Bruce Tizes,** )

**TSG Real Estate, LLC,** )

its partners, members, officers and directors, agents, )  
employees, affiliates, successors and assigns )

**TSG Capital Fund I, LLC,** )

its partners, members, officers and directors, agents, )  
employees, affiliates, successors and assigns )

**Insight Real Estate, LLC,** )

its partners, members, officers and directors, agents, )  
employees, affiliates, successors and assigns )

**Green Realty Trust, Inc., and** )

its partners, members, officers and directors, agents, )  
employees, affiliates, successors and assigns )

**Insight Green REIT Advisor, LLC,** )

its partners, members, officers and directors, agents, )  
employees, affiliates, successors and assigns, and )

**File #: 08-00157**

**TEMPORARY ORDER OF PROHIBITION**

**TO RESPONDENTS:**

Wayne R. Hannah, III  
179 Lake Shore Drive  
Chicago, IL 60611

Temporary Order of Prohibition

-2-

Wayne R. Hannah, III  
1004 Westmoor Rd.  
Winnetka, IL 60093

Wayne R. Hannah, III  
TSG Real Estate, LLC  
120 N. LaSalle Street, 35<sup>th</sup> Floor  
Chicago, IL 60602

TSG Real Estate, LLC  
120 N. LaSalle Street, 35<sup>th</sup> Floor  
Chicago, IL 60602

TSG Capital Fund I, LLC  
120 N. LaSalle Street, 35<sup>th</sup> Floor  
Chicago, IL 60602

Insight Real Estate, LLC  
120 N. LaSalle Street, 35<sup>th</sup> Floor  
Chicago, IL 60602

Green Realty Trust, Inc.  
120 N. LaSalle Street, 35<sup>th</sup> Floor  
Chicago, IL 60602

Insight Green REIT Advisor, LLC  
120 N. LaSalle Street, 35<sup>th</sup> Floor  
Chicago, IL 60602

Bruce Tizes  
505 N. Lake Shore Drive  
Chicago, IL 60611

Bruce Tizes  
105 Lantana View  
Palm Desert, CA 92260

Illinois Corporation Service C  
As agent for TSG Real Estate, LLC, TSG Capital Fund I, LLC,  
Insight Real Estate, LLC, and Insight Green REIT Advisor, LLC  
801 Adlai Stevenson Drive  
Springfield, IL 62703

Temporary Order of Prohibition

-3-

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:

1. Respondent **TSG Real Estate, LLC** ("TSG") is a Delaware limited liability company engaged in the business of locating, structuring, and sponsoring real estate investments.
2. TSG has sponsored various investment offerings using a TIC structure whereby TSG acquires real property in the name of a legal entity, fractionalizes the interests of the legal entity, and sells the fractional interest via a securities offering purporting to be exempt from registration under Regulation D. In addition, TSG has offered and sold several securities offerings whose proceeds were purported to be used to fund TSG's operations.
3. Respondent **TSG Capital Fund I, LLC** ("**Capital Fund I**") is a Delaware limited liability company formed as an investment vehicle to finance the operations of TSG Real Estate, LLC and its affiliates. TSG Capital Fund I Manager, LLC is a Delaware limited liability company and acts as a sole manager of the fund. The sole member of TSG Capital Fund I Manager is Respondent TSG. Interests in Respondent Capital Fund I were sold in a securities offering purporting to be exempt from registration under Regulation D.
4. Respondent **Green Realty Trust, Inc.** ("Green Realty") was formed on October 26, 2007 "to invest in a diversified portfolio of environmentally-friendly or green real properties." The portfolio was fractionalized, and purported to operate as a Real Estate Investment Trust ("REIT"). Units of the REIT were sold as securities. The securities offering was registered pursuant to an S-11 A registration statement.
5. Respondent **Insight Real Estate, LLC** ("Insight") is the sponsor of the Green Realty offering. Insight has offered and sold several securities offerings whose proceeds were purported to be used to fund Insight's operations. Insight's management is virtually the same as TSG's management.
6. Respondent **Insight Green REIT Advisor, LLC** ("Green REIT") externally manages Respondent Green Realty. Respondent Green REIT assists in the selection of investments for Green Realty.
7. Respondent **Wayne R. Hannah III** ("Hannah") is the founder, President and CEO of TSG. In addition, Hannah is the President of Green Realty and Insight. Hannah is an individual with last known addresses of 179 Lake Shore Drive, Chicago, IL 60611 and 1004 Westmoor Rd., Winnetka, IL 60093.
8. Respondent **Bruce Tizes** ("Tizes") purports to be an Independent Director of Green Realty. Tizes is an individual with last known addresses of 505 N. Lake Shore Drive, Chicago, IL 60611 and 105 Lantana View, Palm Desert, CA 92260.

Temporary Order of Prohibition

-4-

9. **TSG Series 2007-A Debenture** is an offering that raised over eight million dollars, purportedly to fund the operations of TSG. Again, the offering claimed to be exempt from securities registration pursuant to Regulation D.

**COUNT I**

**FRAUD IN THE OFFER AND SALE OF SECURITIES**

**Failure to Disclose Material Litigation**

(Respondents Hannah and TSG)

10. On March 23, 2007, Respondent TSG, through the actions of Respondent Hannah and others, issued a Private Placement Memorandum ("PPM") relating to the Series 2007-A Debentures offering.
11. The March 23, 2007 PPM was supplemented on May 29, 2007. This PPM was later amended and restated on June 1, 2007.
12. The PPM designates Hannah as the Chief Executive Officer of TSG. In addition, the PPM makes statements promoting Hannah's credentials, stating that Hannah "has significant experience in the area of marketing tax-deferred real estate transactions and has also created financial products for the benefit of investors."
13. The PPM further promotes the role that Hannah played as a partner and CEO of Tax Deferred Services ("TDS"), stating that, at TDS, Hannah "developed and managed a nationwide marketing effort, including strategic alliances with some of the nation's largest banks, investment banking and consulting firms."
14. Prior to the issuances of the PPM, in or around September of 2003, an amended complaint was filed in the Circuit Court of Cook County, Illinois against TDS, Urban Investment Trust, Inc. ("Urban"), Wayne Hannah (as an officer and/or director of TDS and Urban), and the other principals of TDS and/or Urban ("2003 Complaint"). The complaint alleged, among other things, violations of the Illinois Securities Law of 1953, violations of the Illinois Consumer Fraud and Deceptive Business Practices Act, common law fraud, racketeering, mail and wire fraud, and conspiracy.
15. Relating to the Series 2007-A Debentures offering, TSG, through the actions of Respondent Hannah and others, failed to disclose the pending litigation against Wayne Hannah and against the companies for which Hannah was a principal in any of the PPMs issued by TSG and Hannah.
16. In or around May of 2008, Respondents Hannah and TSG offered and in fact did sell to at least one Illinois investor the TSG Series 2007-A Debentures offering.
17. Investor A received a PPM which failed to disclose any of the litigation pending against Respondent Hannah and the entities for which Respondent Hannah was an officer and/or director.

Temporary Order of Prohibition

-5-

18. 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 Illinois Securities Law of 1953 [815 ILCS 5/1 *et. seq.*] (the "Act").
19. 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."
20. 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."
21. Section 12.H of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to sign or circulate any statement, prospectus, or other paper or document required by any provision of this Act or pertaining to any security knowing or having reasonable grounds to know any material representation therein contained to be false or untrue.
22. 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.
23. By virtue of this conduct, Respondents Hannah and TSG violated Sections 12.F, 12.G, 12.H, and 12.I of the Act.

**COUNT II**

**FRAUD IN THE OFFER AND SALE OF SECURITIES**

**Failure to Disclose Material Litigation**

(Respondents Hannah, Tizes, Insight and Green Realty Trust)

24. Respondent Hannah is the President of Green Realty Trust, Inc. ("Green Realty").
25. The registration statement for Green Realty lists Respondent Tizes as an Independent Director of Green Realty.
26. Respondent Insight is majority owned and managed by Respondent Hannah.
27. On or around September of 2003 an amended complaint was filed in the Circuit Court of Cook County, Illinois against TDS, Urban Investment Trust, Inc. ("Urban"), Wayne Hannah (as an officer and/or director of TDS and Urban), and the other principals of TDS and/or Urban ("2003 Complaint"). The complaint alleged, among other things, violations of the Illinois Securities Law of 1953, violations of the Illinois Consumer Fraud and

Temporary Order of Prohibition

-6-

Deceptive Business Practices Act, common law fraud, racketeering, mail and wire fraud, and conspiracy.

28. On September 22, 2008, a lawsuit was filed in the Circuit Court of Cook County under case number 08-CH-35206 ("2008 Complaint"). The lawsuit alleged, among other things, that Respondent Hannah, acting through various entities over which Hannah was able to exercise control, ("Promontory Entities")<sup>1</sup> transferred interests in real property to Respondent Tizes for less than fair value in order to defraud other investors in the Promontory Entities.
29. Respondent Hannah received service of the 2008 Complaint on October 8, 2008.
30. Respondent TSG received service of the 2008 Complaint on October 8, 2008.
31. Respondent Tizes received service of the 2008 Complaint on October 1, 2008.
32. On December 1, 2008 Respondent Hannah filed an amended registration statement with the Securities and Exchange Commission ("SEC") for Insight's Green Realty Trust offering.
33. Respondent Green Realty, through the actions of Respondent Hannah, Respondent Tizes, Respondent Insight and others failed to disclose the pending 2003 Complaint in its registration statement filed with the SEC on December 1, 2008.
34. Respondent Green Realty, through the actions of Respondent Hannah, Respondent Tizes, Respondent Insight and others failed to disclose the pending 2008 Complaint in its registration statement filed with the SEC on December 1, 2008.
35. Respondents Hannah, Tizes, Green Realty, and Insight knew or should have known that the registration statement would be widely circulated and available for public viewing on the Electronic Data Gathering, Analysis, and Retrieval system ("EDGAR") maintained by the SEC.
36. Section 12.H of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to sign or circulate any statement, prospectus, or other paper or document required by any provision of this Act or pertaining to any security knowing or having reasonable grounds to know any material representation therein contained to be false or untrue.
37. By virtue of this conduct, Respondents Hannah, Tizes, Green Realty, and Insight violated Section 12.H of the Act.

---

<sup>1</sup> Promontory Entities includes but is not limited to Respondent TSG Real Estate, TSG Capital Fund I, Wapiti One, LLC, Pivotal Promontory Development, LLC.

**COUNT III**  
**USE OF UNREGISTERED SALES AGENTS IN THE OFFER AND SALE OF**  
**SECURITIES**

(Respondents Hannah, TSG, and Capital Fund I)

38. On October 5, 2006 Respondent Hannah issued a PPM for the Capital Fund I offering.
39. Respondent TSG, through the actions of Respondent Hannah and others, employed at least two individuals who received compensation based upon their sales activity ("commission"). These individuals were unregistered sales agents who Respondent Hannah hired to promote and sell units of the Capital Fund I offering to investors.
40. Section 12.C. of the Act states, *inter alia*, that it shall be a violation of the provisions of this Act for any person to act as a salesperson unless registered as such, where such registration is required, under the provisions of this Act.
41. By virtue of the foregoing, Respondents Hannah, TSG and Capital Fund I violated Section 12.C of the Act.

**Temporary Prohibition**

42. The aforementioned findings are based upon credible evidence.
43. 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.
44. The entry of this **Temporary Order of Prohibition** prohibiting Respondents, and their agents, affiliates, successors and employees, from offering or selling 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, Respondents:

1. **Wayne R. Hannah III,**
2. **TSG Real Estate, LLC,**
3. **Capital Fund I,**
4. **Insight Real Estate, LLC,**
5. **Green Realty Trust, Inc.,**
6. **Insight Green REIT Advisor, LLC,**
7. **Bruce Tizes,**

Temporary Order of Prohibition

-8-

and each of Respondent's partners, members, officers and 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 Enforcement Attorney Angela Angelakos, 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 sixty (60) 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 30<sup>th</sup> day of January 2009.



JESSE WHITE  
Secretary of State  
State of Illinois

Attorney for the Secretary of State:

Angela P. Angelakos  
Illinois Securities Department  
69 West Washington Street  
Chicago, Illinois 60602  
312-793-3595