

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

---

<b>IN THE MATTER OF:</b>	)	
	)	
	)	
<b>KEVIN G. CARNEY, and</b>	)	<b>No 0800508</b>
<b>his partners, officers and directors, agents,</b>	)	
<b>employees, affiliates, successors and assigns.</b>	)	
	)	

---

**ORDER OF PROHIBITION**

**TO RESPONDENT :** **Kevin G. Carney**  
**1072 Cypress Lane**  
**Elk Grove Village, Illinois 60007**

WHEREAS, a Temporary Order of Prohibition was issued by the Secretary of State on October 28, 2008 which prohibited Kevin G. Carney, his partners, officers and directors, agents, employees, affiliates, successors and assigns ("Respondents") from offering or selling securities in or from the State of Illinois until further order of the Secretary of State or his duly authorized representative;

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 the Temporary Order shall constitute an admission of any acts alleged therein and constitute a sufficient basis to make the Temporary Order final;

WHEREAS, the Respondent has 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 Temporary Order;

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

1. Respondent Kevin G. Carney (at times hereinafter "KG" or "Respondent") had at all times relevant herein a last known address of 1072 Cypress Lane, Elk Grove Village, Illinois 60007.

## Order of Prohibition

-2-

2. In September 2007 Respondent KG proposed to at least one Illinois resident ("Investor") that he would pay 20% monthly interest on funds invested with him, backed by the production generated by KG's "day trading" business.
3. KG promised that account information would be provided regularly, and principal and interest would be paid to Investor upon request.
4. Between September 2007 and May 2008 Investor paid various sums of money totaling over \$784,000 to KG in exchange for KG's promise to "day trade" with the funds, and to provide the Investor with 20% interest per month.
5. The activities described above in paragraphs 2-4 constitute an investment contract, or a certificate of interest, or participation in a profit sharing agreement, and are 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] (the "Act").

### **FAILURE TO REGISTER SECURITIES**

6. Section 5 of the Act provides, *inter alia* that all securities except those exempt under Section 3 or those offered and sold under Section 4 shall be registered either by coordination or by qualification prior to their offer or sale in the State of Illinois.
7. Respondent failed to file with the Secretary of State an application for registration of the securities described above as required by the Act and that as a result the securities were not registered pursuant to Section 5 of the Act prior to their offer and sale in the State of Illinois.
8. Section 12.A of the Act provides *inter alia* that it shall be a violation for any person to offer and sell any security except in accordance with the provisions of the Act.
9. 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.
11. By virtue of the foregoing Respondent has violated Sections 12.A and 12.D of the Act.

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

12. Respondent failed to pay Investor the principal or interest as promised in the investment contract.

Order of Prohibition

-3-

13. Respondent failed and refused to notify Investor of the substantial risk involved in the investment contract, or certificate of interest, or participation in a profit sharing agreement, that could result in the loss of investment money paid by the Investor.
14. 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.
15. 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 light of the circumstances under which they were made, not misleading.
16. By virtue of the foregoing, Respondent violated Sections 12.F and 12.G of the Act.

**FRAUD**

17. On September 25, 2008 Respondent KG wrote and signed a letter, and provided Investor with the letter, stating Investor, "has in excess of Over (sic) Two Million Dollars (\$2,000,000.00) with me. These funds would be available within thirty days upon their request."
18. The statements in the letter written by KG and referred to in paragraph 17 are false, and KG knew them to be false at the time he signed the letter.
19. Section 12.H of the Act provides, *inter alia*, that it shall be a violation of the Act for any person, "to sign...any paper or document...pertaining to any security knowing or having reasonable grounds to know any material representation therein contained to be false or untrue."
20. By virtue of the foregoing Respondent violated Section 12.H of the Act.

NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, Respondent **Kevin G. Carney** and his partners, officers and directors, agents, employees, affiliates, successors and assigns, are **PROHIBITED** from rendering investment advice and from offering or selling securities in or from this State.

**NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12.D of the ACT. Any person or entity that fails to comply with the terms of**

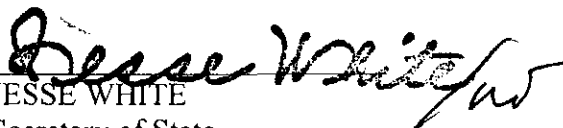
Order of Prohibition

-4-

**this Order of the Secretary of State, having knowledge of the existence of this Order, shall be guilty of a Class 4 felony for each offence.**

**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 Act (14 Ill. Admin. Code, Ch. 1 Sec. 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.**

Dated: This 1st day of December 2008.

  
JESSE WHITE  
Secretary of State  
State of Illinois

Attorney for the Secretary of State:

James J. Tierney  
Illinois Securities Department  
69 West Washington Street  
Chicago, Illinois 60602  
312-793-9650