

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: TIMOTHY SHAWN DUNN,
and MONEYFACTS, INC., and its managers, officers,
affiliates, subsidiaries, representatives, successors, and
assigns.

File No. 0700512

NOTICE OF HEARING

TO RESPONDENTS:

Timothy Shawn Dunn
Inmate 405312
Kankakee County Jail
Jerome Combs Detention Center
3050 Justice Way
Kankakee, IL 60901

Moneyfacts, Inc.
CRD#: 122264
2834 45th St. – Suite A
Highland, Indiana 46322

Moneyfacts, Inc.
980 N. Michigan Ave. - Suite 1400
Chicago, IL 60611

Timothy Shawn Dunn
CRD#: 1611234
1651 Hogan Ave.
Chesterton, Indiana 46304

Timothy Shawn Dunn
Moneyfacts, Inc.
2834 45th St. – Suite A
Highland, Indiana 46322

Stephen Komie
Registered Agent for Respondent Moneyfacts, Inc.
Komie and Associates
1 N. LaSalle St. – Suite 4200
Chicago, IL 60602

Notice of Hearing

-2-

Kenneth Cunniff
Attorney for Respondents
Kenneth Cunniff Ltd.
30 N. LaSalle St. – Suite 2900
Chicago, IL 60602

You are hereby notified, in accordance with Sections 11.E and F of the Illinois Securities Law of 1953 [815 ILCS 5/11.E and F] ("Act") and 14 Ill. Adm. Code 130, subpart K, a public hearing will be held at the Secretary of State's office at the office of the Illinois Securities Department, 69 W. Washington Street - Suite 1220, in Chicago, Illinois 60602, on September 10, 2008, at 10:00 a.m., or as soon thereafter as possible before James Kopecky, or such other hearing officer who shall be presiding at that time.

At this hearing, the Illinois Securities Department of the Office of the Secretary of State shall seek entry of an order granting the following relief:

1. Revocations of the registration of Respondent Timothy Shawn Dunn as an investment adviser representative, and the registration of Respondent Moneyfacts, Inc., as an investment adviser, in accordance with Sections 8.E(1)(a), 8.E(1)(f), 8.E(1)(g), 11.E(2), 12.D, and 12.E of the Illinois Securities Law, as amended ("Act"). 815 ILCS 5/11.E(1)(f); 8.E(1)(g); 11.E(2); 12.D; and 12.E.
2. Permanent prohibitions of Respondents Dunn and Moneyfacts, Inc., from acting as investment advisers, investment adviser representatives, and federal covered investment advisers, in accordance with Sections 8.E(1)(a), 8.E(1)(f), 8.E(1)(g), 11.E(2), 12.D, and 12.E of the Act.
3. Permanent prohibitions of both Respondents from offering or selling securities in or from the State of Illinois, in accordance with Sections 11.E(2) and 11.E(3) of the Act.
4. Imposition of a fine not to exceed \$10,000 against each of the Respondents for each violation of the Act described below, an order of public censure, and charging as costs of investigation all reasonable expenses, including attorney's fees and witness fees, in accordance with Section 11.E(4) of the Act.

The grounds for this proposed action are as follows:

COUNT 1
Felony Convictions
Respondent Dunn

1. Respondent Timothy Shawn Dunn ("Dunn" or, collectively with Moneyfacts, Inc., "Respondents") is a natural person whose residential address is 1651 Hogan Avenue, Chesterton, Indiana 46304. As of August 13, 2008, he is an inmate of Kankakee County Jail, Jerome Combs Detention Center, 3050 Justice Way, in Kankakee, Illinois.
2. From at least as early as April 5, 2004, through at least as late as August 13, 2008, Respondent Moneyfacts, Inc. ("Moneyfacts," or, collectively with Timothy Shawn Dunn, "Respondents"), was a business entity incorporated in the State of Indiana. Respondent Moneyfacts's principal place of business is 2834 45th Street - Suite A, Highland, Indiana 46322; and its branch office address is 980 N. Michigan Ave. - Suite 1400, Chicago, IL 60611.
3. Respondent Moneyfacts became registered with the Illinois Secretary of State as an investment adviser on April 5, 2004, and maintained this registration from April 5, 2004, through May 23, 2008.
4. Respondent Dunn applied for registration as an investment adviser representative with the Secretary of State on March 19, 2004, became registered in this capacity on April 5, 2004, and maintained this registration from April 5, 2004, through May 23, 2008.
5. From April 5, 2004, through May 23, 2008, Respondent Dunn served as the president, sole principal, compliance officer, and sole Illinois-registered investment adviser representative of Respondent Moneyfacts.
6. On May 19, 2008, a judgment of conviction was entered against Respondent Dunn as a co-defendant in *U.S. v. Vallone*, United States District Court for the Northern District of Illinois, Eastern Division, Criminal Case No. 04 CR 00372, of superceding indictment counts 1, 25 through 34, and 46 through 48. These counts include one felony conviction of conspiracy to defraud the United States by impeding the U.S. Internal Revenue Service ("IRS") from collecting tax revenue; one felony conviction of conspiracy to aid and assist the preparation and filing of a false and fraudulent tax return, a conviction in which fraud was an essential element; and a number of other felony or misdemeanor convictions in which fraud was an essential element.

COUNT 2

Prohibition from Acting as Investment Adviser
Respondent Moneyfacts

- 1-6. Paragraphs 1 through 6 of Count 1 are incorporated by reference.
7. Every investment adviser in Illinois is required to be registered with the Illinois Secretary of State, except for those exempt under rule, regulation, or order of the Secretary. 815 ILCS 5/8.A.
8. When a defense is based upon any exemption provided for in the Act in an administrative action, the burden of proving the exemption is on the party raising this defense. 815 ILCS 5/15.A.
9. Respondent Moneyfacts is not exempt from registration with the Secretary as an investment adviser under Section 8.A of the Act.
10. If the Illinois Secretary of State finds that any person has acted as an investment adviser without having complied with the registration requirements of the Act, the Secretary may by written order prohibit or suspend the person from engaging in the business of selling or offering securities for sale, or acting as an investment adviser or investment adviser representative in Illinois. 815 ILCS 5/11.E(3).
11. No investment adviser applicant may be registered or re-registered as an investment adviser in Illinois unless and until each principal of the applicant who is actively engaged in the conduct and management of the applicant's advisory business in Illinois has passed an examination or completed an educational program designated by the Secretary of State for purposes of determining whether the applicant has sufficient knowledge of the securities business and securities laws to conduct the business of a registered investment adviser. 815 ILCS 5/8.D(9).
12. A principal of an investment adviser is any officer, director, partner, member, trustee, or manager of the investment adviser who is responsible for the management of the daily business operations of the investment adviser in Illinois, and the supervision of the adviser's registered investment adviser representatives in Illinois. 815 ILCS 5/2.12a.
13. No investment adviser applicant may be registered or re-registered as an adviser unless the application for registration or re-registration is accompanied by an application for registration or re-registration for each person acting as an investment adviser representative on behalf of the adviser. 815 ILCS 5/8.D(10).
14. An investment adviser representative of an Illinois-registered investment adviser is any partner, officer, or director of the investment adviser, or other person occupying similar status or performing similar functions, or other natural person employed by or associated

with the investment adviser except clerical or ministerial personnel who performs any of the following acts:

- (a) Makes any recommendations or otherwise renders advice regarding securities.
- (b) Manages accounts or portfolios of clients
- (c) Determines what recommendation or advice regarding securities should be given.
- (d) Supervises any employee who performs any of the foregoing.
- (e) Solicits, refers, offers, or negotiates for the sale of, or sells, investment advisory services.

815 ILCS 5/2.12b.

- 15. From April 5, 2004, through at May 23, 2008, Respondent Moneyfacts designated Respondent Dunn as Moneyfacts's sole investment adviser principal and investment adviser representative for each of its Illinois investment adviser applications.
- 16. On May 23, 2008, a Temporary Order of Prohibition and Suspension was entered in this proceeding that both prohibited Respondent Dunn from acting as an investment adviser representative in the State of Illinois, and suspended his Illinois registration as an investment adviser.
- 17. Without a designated investment adviser principal who is actively engaged in the conduct and management of its advisory business or an investment adviser representative who is performing any of the acts identified in Section 2.12b of the Act, Respondent Moneyfacts is prohibited from engaging in the business of giving investment advice in or from Illinois, in accordance with Sections 8.A, 11.E(3); 8.D(9); 2.12a; 8.D(10); and 2.12b.

COUNT 3

**False Statements Regarding Respondent Dunn's Business Activities
Failures to Report Change in Respondent Dunn's Application
Failure to Supervise**

Violations by Respondents Dunn and Moneyfacts

- 1-6. Paragraphs 1 through 6 of Count 1 are incorporated by reference.
- 7. From some time from July 1994 through at least as late as July 19, 2007 ("this period"), Respondents Dunn, in his capacity as an Illinois-registered investment adviser representative, and Moneyfacts, his Illinois-registered investment adviser employer, made false statements to the Illinois Secretary of State in Respondent Dunn's investment adviser representative registration application, statements that failed to disclose Dunn was engaged in business activities with three different companies.

7. During this period, Respondents Dunn and Moneyfacts also failed to report to the Illinois Secretary of State any of these changes in the business activities in which Respondent Dunn was engaged. The changes—Respondent Dunn’s engagement in business activities with the three companies—rendered inaccurate the business activity information in his application for registration in Illinois as an investment adviser representative.
8. An investment adviser registered in the State of Illinois that wishes to register an investment adviser representative in the State must file an application with the Secretary of State. The investment adviser representative is required to provide the application to the investment adviser, executed, verified, or authenticated by the investment adviser representative, and setting forth the information required by Section 8.D-5 of the Act. 815 ILCS 5/8.D-5.
9. The investment adviser representative application includes filing a “Uniform Application for Securities Industry Registration or Transfer” (“Form U4”), utilizing the Central Registration Depository administered by the Financial Industry Regulatory Authority. 14 Ill. Adm. Code 130.839(a).
10. A change that renders inaccurate any information contained in any application for registration as an investment adviser representative is required by law to be reported to the Secretary of State within ten business days after the occurrence of the change. 815 ILCS 5/8.D-5.
11. Changes that render inaccurate any information contained in the application are required by regulation to be filed in amended registration applications. 14 Ill. Adm. Code 130.839(d).
12. Question 13 of the Form U4 asked investment adviser representative applicants:

Are you currently engaged in any other business either as a proprietor, partner, officer, director, employee, trustee, agent or otherwise? If YES, please provide the following details: the name of the other business, whether the business is *investment-related*, the address of the other business, the nature of the other business, your position, title, or relationship with the other business, the start date of your relationship, the approximate number of hours/month you devote to the other business, the number of hours you devote to the other business during securities trading hours, and briefly describe your duties relating to the other business. (Emphasis in original.)
14. From November 16, 2006, through at least as late as February 5, 2007 (“this period”), Respondent Dunn was:
 - (a) The sole owner of Respondent Moneyfacts.
 - (b) President of Respondent Moneyfacts.

Notice of Hearing

-7-

- (c) Chief investment officer of Moneyfacts.
 - (d) Designated by Respondent Moneyfacts to the State of Illinois as the sole principal of investment adviser Moneyfacts; and in this position, was responsible for the supervision of the investment adviser representatives of Respondent Moneyfacts in Illinois, and for management of the daily business operations of Respondent Moneyfacts in Illinois, in accordance with Section 2.12a of the Act.
 - (e) Registered with the State of Illinois as the sole investment adviser representative employee of Respondent Moneyfacts.
 - (f) Executive director of Beverly Hills Trust.
 - (g) Managing director of Beverly Hills Trust.
 - (h) Engaged as a proprietor, partner, officer, director, employee, trustee, agent, or otherwise in the business of Beverly Hills Trust.
15. During this period, Respondent Dunn operated Beverly Hills Trust out of the same office address as the principal place of business of Respondent Moneyfacts, using business telephone numbers dedicated solely to Beverly Hills Trust.
16. During this period, Respondent Dunn and Beverly Hills Trust held the company out to the public as providing business management, tax planning, domestic and offshore asset protection trust services, and wealth preservation services.
17. During this period, Respondent Moneyfacts knew Respondent Dunn was:
- (a) The sole owner of Respondent Moneyfacts.
 - (b) President of Respondent Moneyfacts.
 - (c) Chief investment officer of Moneyfacts.
 - (d) Designated by Respondent Moneyfacts to the State of Illinois as the sole principal of investment adviser Moneyfacts; and in this position, was responsible for the supervision of the investment adviser representatives of Respondent Moneyfacts in Illinois, and for management of the daily business operations of Respondent Moneyfacts in Illinois, in accordance with Section 2.12a of the Act.
 - (e) Registered with the State of Illinois as the sole investment adviser representative employee of Respondent Moneyfacts.
 - (f) Executive director of Beverly Hills Trust.
 - (g) Managing director of Beverly Hills Trust.
 - (h) Engaged as a proprietor, partner, officer, director, employee, trustee, agent, or otherwise in the business of Beverly Hills Trust.
18. Because of Respondent Dunn's relationship with Respondent Moneyfacts during this period as the owner of Moneyfacts, its president, its Illinois-designated principal, its chief investment officer, and its sole investment adviser representative employee, and because Beverly Hills Trust operated out the same office address as the principal place of business of Respondent Moneyfacts, employing a separate telephone number dedicated solely to Beverly Hills Trust, Respondent Moneyfacts knew or reasonably should have known during this period the facts alleged in paragraph 17.

19. Respondent Dunn has never caused Respondent Moneyfacts to file with the Secretary of State an amended Form U4 registration application reporting his engagement in business activity with Beverly Hills Trust.
20. Respondent Moneyfacts has never filed with the Secretary of State an amended Form U4 registration application reporting Respondent Dunn's engagement in business activity with Beverly Hills Trust.
21. For some time between July 1994 through at least as late as December 2003, Respondent Dunn promoted and sold domestic and offshore asset protection trust services for a company named The Aegis Company, and was managing director of a company named the Aegis Management Company, which provided management services to purchasers of Aegis trusts.
22. Like Respondent Dunn's business activity with Beverly Hills Trust, Respondents Dunn and Moneyfacts were required to disclose to the Secretary of State Respondent Dunn's engagement in business activity with The Aegis Company and Aegis Management Company, in accordance with Sections 8.D-5 of the Act, Sections 130.839(a) and (d) of the Rules, and Question 13 of the Form U4 investment adviser representative registration application.
23. Like Respondent Dunn's business activity with Beverly Hills Trust, Respondents Dunn and Moneyfacts failed to disclose to the Secretary of State Respondent Dunn's engagement in business activities with The Aegis Company or Aegis Management Company, in accordance with Sections 8.D-5 of the Act, Sections 130.839(a) and (d) of the Rules, and Question 13 of the Form U4 investment adviser representative registration application.
24. The domestic and offshore asset protection trust services Respondent Dunn held The Aegis Company or Aegis Management Company out as offering to the public were the same or similar to those Respondent Dunn promoted and sold through Beverly Hills Trust.
25. Respondent Dunn's felony convictions identified in paragraph 6 arise from an indictment or federal tax fraud charges that alleged Dunn participated in a conspiracy to market and sell sham domestic and foreign trusts through The Aegis Company and Aegis Management Company.
26. By failing to disclose to the Secretary of State Respondent Dunn's business activities with Beverly Hills Trust, The Aegis Company, and Aegis Management Company, Respondents Dunn and Moneyfacts each caused false or misleading statements to be made in Respondent Dunn's Illinois investment adviser representative registration application, each failure a separate violation by each Respondent of Section 12.E of the Act.

27. Respondent Moneyfacts's failure to file amended registration applications reporting the change in Respondent Dunn's business activities caused by his engagement in business activity with Beverly Hills Trust, The Aegis Company, and Aegis Management Company within ten business days of each of these changes, and Respondent Dunn's failure to cause the filing of each of these changes as required by Section 8.D-5 of the Act, are each separate violations by each Respondent of Section 12.D of the Act.
28. Each of Respondent Moneyfacts's failures to disclose to the Secretary of State Respondent Dunn's business activities with Beverly Hills Trust, the Aegis Company, and Aegis Management Company, and Moneyfacts's failures to cause Respondent Dunn to file amended registration applications reporting each of these changes in Respondent Dunn's business activities as required by Section 8.D-5 of the Act, are failures by Moneyfacts as an investment adviser to reasonably supervise the advisory activities of Respondent Dunn, Moneyfacts's investment adviser representative or employee, as provided by Section 8.E(1)(f).

YOU ARE FURTHER NOTIFIED that you are required to file an answer to the allegations outlined above or other responsive pleading within ten days of service of this notice on you in accordance with Section 130.1104(a) of the Rules and Regulations under the Illinois Securities Law ("Rules"). Your failure to do so within the prescribed time shall be construed as an admission of the allegations contained in this notice and waives your right to a hearing. Upon such failure, the hearing officer shall make a recommendation that an appropriate order be entered, including finding you in default. The answer and all other pleadings and motions must be filed with the Illinois Securities Department by addressing them to:

Bernadette Cole
Enforcement Attorney
Illinois Securities Department
Office of Secretary of State
69 W. Washington St. - Suite 1220
Chicago, Illinois 60602

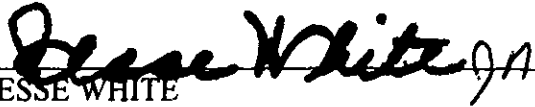
You may appear personally on your own behalf, or be represented by an attorney. You or your attorney may present evidence; cross-examine witnesses; and otherwise participate in this proceeding. A failure to appear shall constitute default by you.

Notice of Hearing

-10-

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

Entered: This 13th day of August, 2008.


JESSE WHITE
Secretary of State
State of Illinois

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