

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

**IN THE MATTER OF: DAL SANTO CAPITAL
MANAGEMENT, LLC/ROBERT, DAVID, SAMUEL
DAL SANTO**

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) **FILE NO. 0700029**
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)

NOTICE OF HEARING

TO RESPONDENT:

Robert Dal Santo
1061 Boulder Place
Oceanside, California 92057

Samuel Dal Santo
1061 Boulder Place
Oceanside, California 92057

David Dal Santo
1899 Deere Lane
Glendale Heights, Illinois 60139

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

The Lucid Fund, LLC n/k/a A Better Sound, LLC
1899 Deere Lane
Glendale Heights, Illinois 60139

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") and 14 Ill. Adm. Code 130, Subpart K, a public hearing will be held at 69 West Washington Street, Suite 1220, Chicago, Illinois 60602, on the 8th day of April, 2008, at the hour of 10:00 a.m., or as soon as possible thereafter, before James L. Kopecky, Esq., or such other duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether an Order shall be entered which would prohibit Robert Dal Santo, Samuel Dal Santo, David Dal Santo, Dal Santo Capital Management LLC, and The Lucid Fund LLC n/k/a A Better Sound LLC, from engaging in the business of selling or offering for sale securities in the State of Illinois, and/or granting such other relief as

may be authorized under the Act including but not limited to the imposition of a monetary fine in the maximum amount pursuant to Section 11.E of the Act, payable within ten (10) business days of the entry of the Order.

The grounds for such proposed action are as follows:

1. That Robert Dal Santo, ("Robert", or collectively with Samuel Dal Santo and David Dal Santo, "Respondents") is an individual whose last known address is 1061 Boulder Place, Oceanside, California 92057. Robert was responsible for trading and sales of the Lucid Fund.
2. That Samuel Dal Santo, ("Samuel", or collectively with Robert Dal Santo and David Dal Santo, "Respondents") is an individual whose last known address is 1061 Boulder Place, Oceanside, California 92057. Samuel was responsible for sales of the Lucid Fund.
3. That David Dal Santo, ("David", or collectively with Robert Dal Santo and Samuel Dal Santo, "Respondents") is an individual whose last known address is 1899 Deere Lane, Glendale Heights, Illinois 60139. David was responsible for accounting for the Lucid Fund and prepared the Investor Account Statements.
4. That Dal Santo Capital Management, LLC, ("Dal Santo Capital") is a business entity with the last known address of 1899 Deere Lane, Glendale Heights, Illinois 60139. Robert Dal Santo is the Managing Member of Dal Santo Capital.
5. That Lucid Fund n.k.a. A Better Sound, LLC, ("Lucid Fund") is a business entity with the last known address of 1899 Deere Lane, Glendale Heights, Illinois 60139. Robert Dal Santo is the Managing Member of Lucid Fund.
6. That Lucid Fund was an investment fund that would derive profits from online stocks and options trading. Robert was responsible for making the trades based on a formula that he had created for online trading.
7. That on or around May 3, 2004, Robert and Samuel met with Illinois Investor #1, and solicited from him an investment in Lucid Fund.
8. That Robert described Lucid Fund to Illinois Investor #1 as an investment fund that would derive profits from online stocks and options trading, and that the minimum investment required for participating in Lucid Fund was \$100,000.00. Robert further explained to Illinois Investor #1 that he had successfully made profits by trading stocks and options online over the past four or so years, and that Lucid Fund would make trades to derive profits based on a formula that he had created for online trading.
9. That on or around May 3, 2004, Robert and Samuel collected a check from Illinois Investor #1 in the amount of \$90,000.00 for an investment in Lucid Fund. At this

time, Robert and Samuel also told Illinois Investor #1 that he had to sign an Accredited Investor Certificate that was a part of a larger offering memorandum.

10. That on or around May 13, 2004, another check was collected from Illinois Investor #1 for an investment in Lucid Fund in the amount of \$10,000.00.
11. That on or around November 22, 2004, Robert met with Illinois Investor #2, and also solicited from him an investment in Lucid Fund.
12. That Robert described Lucid Fund to Illinois Investor #1 as an investment fund that would derive profits from online stocks and options trading, and that the minimum investment required for participating in Lucid Fund was \$100,000.00. Robert further explained to Illinois Investor #1 that he had successfully made profits by trading stocks and options online over the past four or so years, and that Lucid Fund would make trades to derive profits based on a formula that he had created for online trading.
13. That on or around November 22, 2004, Robert collected a check from Illinois Investor #2 in the amount of \$50,000.00 for an investment in Lucid Fund, which Robert accepted although it was below the minimum investment requirement. At this time, Robert also told Illinois Investor #2 that he had to sign an Accredited Investor Certificate that was a part of a larger offering memorandum.

Fraud

14. That within a few months after their investments, Dal Santo Capital began providing to the investors Lucid Fund Account Statements that were prepared by David Dal Santo.
15. That the last statement provided to Illinois Investor #1, dated January 31, 2006, stated that Illinois Investor #1's investment in Lucid Fund had a value of \$122,368.59, for a profit of \$22,368.59.
16. That the last statement provided to Illinois Investor #2, dated January 31, 2006, stated that Illinois Investor #2's investment in Lucid Fund had a value of \$52,224.95, for a profit of \$2,224.95.
17. That despite providing these quarterly statements to Illinois Investor #1 and Illinois Investor #2 that showed profits for the investment in Lucid Fund, Respondents knew that the statements were false, and that at no time did either Illinois Investor #1 or Illinois Investor #2 make any profits from their investments in Lucid Fund.
18. That Section 12.F of the Act provides 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.

19. That Section 12.G of the Act provides 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 the light of the circumstances under which they were made, not misleading.
20. That Section 12.I of the Act provides 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.
21. That by virtue of the foregoing, Respondents violated Section 12.F, G, & I of the Act.

Fraud

22. That Robert told Illinois Investor #1 and Illinois Investor #2 that the monies invested in Lucid Fund would be used to trade stocks and options online based upon the successful formula for trading that Robert had developed over the past four or so years. However, the Investors' funds were diverted and used for Respondents' own purposes.
23. That Respondents willfully used and knew that they were using Investor funds for purposes other than the purposes stated to the Investors.
24. That despite having this knowledge and accepting money from Illinois Investor #1 and Illinois Investor #2, Respondents failed to disclose to the Investors that they were using the Investors' funds for purposes other than the purposes stated orally to the Investors and stated in the offering memorandum.
25. That Section 12.F of the Act provides 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.
26. That Section 12.G of the Act provides 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 the light of the circumstances under which they were made, not misleading.
27. That Section 12.I of the Act provides 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.
28. That by virtue of the foregoing, Respondents violated Section 12.F, G, & I of the Act.

29. That Section 11.E(2) of the Act provides, *inter alia*, if the Secretary of State shall find that any person has violated sub-section F, G, or I of Section 12 of this 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.
30. That by virtue of the foregoing violations of sub-sections 12.F, G, and I, Respondents are subject to an order of permanent prohibition from offering or selling any securities in the this state pursuant to Section 11.F(2) of the Act.
31. That Section 11.E(4) of the Act provides, inter alia, that in addition to any other sanction or remedy contained in this subsection E, the Secretary of State, after finding that any provision of this Act has been violated, may impose a fine as provided by rule, regulation or order not to exceed \$10,000, for each violation of this Act, 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.
32. That by virtue of the foregoing, Respondents are subject to a fine, 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 of the Rules and Regulations (14 Ill. Adm. Code 130) (the "Rules"), to file an answer to the allegations outlined above within thirty (30) 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 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.

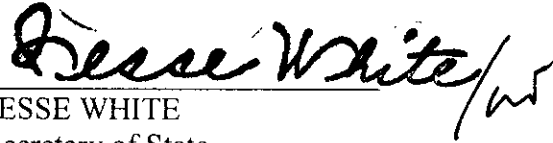
Notice of Hearing

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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 included with this Notice.

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

Dated: This 7th day of February 2008.

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

JESSE WHITE
Secretary of State
State of Illinois

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