

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

IN THE MATTER OF. **MICHAEL FRANKS, LLC** and
MICHAEL MORAWSKI and **FRANK CONSTANT** their partners,
officers and directors, agents, employees, affiliates, successors and assigns

No. 0700224

TEMPORARY ORDER OF PROHIBITION

**TO RESPONDENTS: Michael Franks, LLC.
800 E. Northwest Highway
Suite 201
Palatine, Illinois 60074**

And

**Michael Morawski
927 Acorn
Sleepy Hollow, Illinois 60118**

And

**Frank Constant
2433 Smalley Court
West Dundee, Illinois 60118**

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 That Respondents Michael Franks, LLC (hereinafter "Michael Franks" or together with Moraski and Constant, "Respondents") is a limited liability company with a last known address of 800 E Northwest Highway, Suite 201, Palatine, Illinois 60074.

2. That Respondent Michael Morawski (hereinafter "Morawski" or together with Michael Franks and Constant "Respondents") has a last known address of 927 Acorn, Sleepy Hollow, Illinois 60118

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3. That Respondent Frank Constant (hereinafter "Constant" or together with Michael Franks and Morawski "Respondents") has a last known address of 2433 Smalley Court, West Dundee, Illinois 60118.
4. That at all times relevant Respondents Morawski and Constant were the principal officers and members of Michael Franks.
5. That Respondents were in the business of purchasing and developing real estate.
6. That between at least September 2006 and December 2007 (the "Period") Respondents Michael Franks, Morawski and Constant solicited Illinois residents, by general mailings, to purchase promissory notes ("Notes") to fund the purchase and development of real estate and, in fact, sold Notes to some of the investors ("Investors").
7. That the Notes sold during the Period had terms between 2 years and 2 years + 30 days, and paid 14% interest.
8. That in January 2009 Respondents sent mailings to Illinois residents inviting them to attend a dinner seminar on or about February 3, 2009
9. That at the dinner seminar Respondents solicited equity investments in a Texas real estate development company and distributed offering literature that explained the investment to the attendee-offerees.

FAILURE TO REGISTER SECURITIES

10. That the activities in paragraphs 6-7 constitute the offer and sale of promissory notes and are therefore a security as those terms are defined in Section 2.1, 2.5 and 2.5a of the Illinois Securities Act of 1953 [815 ILCS 5] (the "Act").
11. That the activities in paragraphs 8-9 constitute the offer of an interest or instrument commonly known as a security as those terms are defined in Section 2.1, and 2.5a of the Act.
12. That Section 5 of the Act provides, *inter alia*, that "all securities except those set forth under Section 2a of this Act. . . shall be registered . . . prior to their offer or sale in this State "
13. That Respondents failed to file an application with the Secretary of State to register the Notes, referenced in paragraphs 6, 7 and 10 above, as required by the Act, and as a result such Notes were not registered prior to their offer or sale in the State of Illinois.

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14. That Respondents failed to file an application to register the equity investments commonly known as securities, referenced above in paragraphs 8, 9 and 11, and as a result such securities were not registered prior to their offer in the State of Illinois.
15. That Section 12.A of the Act provides, *inter alia*, that it shall be a violation for any person to offer or sell any security except in accordance with the provisions of the Act.
16. That 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."
17. That each offer and each sale of the Notes constituted a separate violation of Section 12.A and of Section 12.D of the Act.
18. That each offer of the equity interests commonly known as securities, and the general offer at the seminar dinner, referenced above at paragraph 9, constituted a separate violation of Sections 12.A and of Section 12.D of the Act.
19. That the aforementioned findings are based upon credible evidence.
20. That Section 11.F(2) of the Act provides, *inter alia*, that the Secretary of State may temporarily prohibit the rendering of investment advice or 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.
21. That the entry of this Temporary Order of Prohibition prohibiting Respondents, and their partners, officers and directors, agents, employees, affiliates, successors and assigns, 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 **Michael Franks, LLC, Michael Morawski and Frank Constant** and their partners, 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 Respondents may request a hearing on this matter by transmitting such request in writing to the Director, 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


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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 2nd day of December 2009.


JESSE WHITE
Secretary of State
State of Illinois

Attorney for the Secretary of State:
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