

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

_____))
INSIDER REAL ESTATE, its partners, officers and directors,))
agents, employees, affiliates, successors and assigns; SCANLAN))
REALTY & INVESTMENTS, LTD., its partners, officers and))
directors, agents, employees, affiliates, successors and assigns,)) FILE NO. 0700520
CHRISTOPHER SCANLAN, individually.))
_____))

NOTICE OF HEARING

TO THE RESPONDENTS: Insider Real Estate.
c/o Christopher Scanlan
735 McArdle Drive, Suite A
Crystal Lake, Illinois 60014

Scanlan Realty & Investments, LTD.
c/o Christopher Scanlan
735 McArdle Drive, Suite A
Crystal Lake, Illinois 60014

Christopher Scanlan
735 McArdle Drive, Suite A
Crystal Lake, Illinois 60014

c/o W. Randal Baudin
Baudin & Baudin
211 W. Main Street
Huntley Square Offices #213A
Dundee, IL 60118

You are hereby notified that pursuant to Section 5-65 of the Business Opportunity Sales Law of 1995 [815 ILCS 602] (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 30th day of January, 2008, at the hour of 10:00 a.m., or as soon thereafter as counsel may be heard, before James L. Kopecky or such other duly designated Hearing Officer of the Secretary of State. A copy of the Rules under the Act pertaining to contested cases is attached to this Notice.

Said hearing will be held to determine whether an Order of Prohibition from offering or selling business opportunities in the State of Illinois shall be entered against Christopher Scanlan, individually, Insider Real Estate, and Scanlan Realty &

Investments, Ltd., its owners/proprietors or officers and directors, employees, successors and assigns and for Censure and Fine and/or granting such other relief as may be authorized under the Act.

The grounds for such proposed action are as follows:

BACKGROUND:

1. That Respondent Insider Real Estate (Insider) is a business entity maintaining its principal office at 735 McArdle Drive, Suite A, Crystal Lake, Illinois 60014.
2. That Respondent Scanlan Realty & Investments, LTD (Scanlan Realty) is a business entity, maintaining its principal office at 735 McArdle Drive, Suite A, Crystal Lake, Illinois 60014.
3. That Respondent Christopher ("Scanlan") is a Real Estate Broker licensed in the State of Illinois, and is the CEO and/or principal of Insider and Scanlan Realty (collectively Respondents), maintaining his principal office at 735 McArdle Drive, Suite A, Crystal Lake, Illinois 60014.
4. That on May 18, 2007 the department pursuant to section 5-60 of the Act sent to Respondents a letter of inquiry via certified mail; and on July 9, 2007 sent a second time bearing USPS certified mail number 7006 2150 0004 3479 7959 which was signed for by Gail Overstreet on July 11, 2007.
5. That Respondents never responded to the letters of inquiry referenced at paragraph 4, above, and for this reason the subpoenas referenced at paragraph 7 below were issued.
6. That Janet Terri ("Ms. Terri") is an Administrative Assistant with the Illinois Securities Department (the "Department").

INSIDER, SCANLAN AND SCANLAN REALTY FAILED TO RESPOND TO AN ILLINOIS SECURITIES DEPARTMENT SUBPOENA

7. That on September 25, 2007, the Department issued Subpoena Decus Tecums in the matter of File # 0700061 and Janet Terri served the Subpoenas via Certified Mail to Respondents Insider, Scanlan Realty, and Scanlan, and to their Attorney W. Randal Baudin (Baudin).
8. That attached to each of the Subpoenas was "Exhibit A" listing the documents or information to be produced.
9. That the Subpoena to Insider had United States Postal Service (USPS) certified mail receipt number 7006 0100 0002 6026 0789; the Subpoena to

Scanlan Realty had USPS certified mail receipt number 7005 3110 0002 5671 8071, the Subpoena to Scanlan had USPS certified mail receipt number 7005 3110 0002 5671 8088, the Subpoena to Baudin had USPS certified mail receipt number 7005 3110 0002 5671 8095, and two additional duplicates were sent to Baudin on September 25, 2007 and October 18, 2007 had USPS certified mail receipt numbers 7007 1490 0003 7413 9038 and 7007 1490 0003 7413 9915, respectively.

10. That the Subpoenas for USPS mail tracking numbers 7006 0100 0002 6026 0789, 7005 3110 0002 5671 8071 and 7005 3110 0002 5671 8088 were received and signed for by Gail Overstreet on September 24, 2007. The Subpoenas for USPS mail tracking numbers 7005 3110 0002 5671 8095, 7007 1490 0003 7413 9038 and 7007 1490 0003 7413 9915 were received and signed for by Ina Turkic on September 26, 2007, October 3, 2007 and October 22, 2007, respectively.
11. That the Subpoena due date was September 28, 2007. That an extension in time for seven days was granted.
12. That on October 4, 2007, the Department received a partial response from Respondents Insider and Scanlan.
13. That said responses (numbers 5 and 7, and 26) were evasive and did not answer the questions relevant and material to the investigation of the extent of the violations, the individual purchasers of the Business Opportunities sold and the purchase prices paid by each on a transactional basis.
14. That on October 18, 2007, Samuel F. Freiman sent via USPS First Class Mail a letter to Baudin advising him Respondents' response to the requested information in number 5, 7, and 26 of Exhibit A, was not sufficient.
15. That as of November 8, 2007, the Department has not receive a corrected and sufficient response from Respondents Insider and Scanlan to the information requested in numbers 5, 7, and 26 of Exhibit A, and again on July 9, 2007 and again on July 9, 2007.
16. That as of November 8, 2007, the Department has not received any response from Respondent Scanlan Realty.
17. That Respondents Insider and Scanlans failure to respond to numbers 5, 7 and 26 of the Subpoena and Respondent Scanlan Realty's failure to respond by the due date has impeded designees of the Secretary of State from conducting an investigation under the Act.
18. That Section 5-60(d) of the Act states, *inter alia*, that it is a violation of the provisions of this Law for any person to fail to file with the Secretary

of State any report, document or statement required to be filed under the provisions of this Section...

19. That by virtue of the foregoing, Respondents Insider, Scanlan, and Scanlan Realty violated Section 5-60(d) of the Act.

**RESPONDENTS INSIDER REAL ESTATE, CHRISTOPER SCANLAN ANS
SCANLAN REALTY IS SUBJECT TO THE ENTRY OF AN ORDER OF
PROHIBITION, CENSURE AND FINE**

20. That Section 5-65 of the Act provides, *inter alia*, that whenever it appears to the Secretary of State that any person has engaged in or is about to engage in any act or practice constituting a violation of any provision of this Law or any rule, regulation, or order under this Law, the Secretary of State may...(1.5) Prohibit or suspend the offer or sale of any business opportunity, prohibit or suspend any person from offering or selling any business opportunities, impose any fine for violation of this Law, issue an order of public censure...
21. That Section 5-65 (4) of the Act provides, *inter alia*, In addition to any other sanction or remedy contained in this Section, the Secretary of State, after finding that any provision of this Law has been violated, may impose a fine as provided by rule or order against the violator not to exceed \$10,000 per violation, may issue an order of public censure against the violator, and charge as costs of the investigation all reasonable expenses, including attorney's fees and witness fees.
22. That Respondents Insider and Scanlans failure to respond to numbers 5, 7 and 26 of the Subpoena and Respondent Scanlan Realty's failure to respond by the due date is a constitutes violation of provisions of this Law under Section 5-65.
23. That by virtue of the foregoing, Respondents Inside Real Estate, Christopher Scanlan and Scanlan Realty are subject to the issuance of an Order of Prohibition from offering or selling any business opportunities, the imposition of a fine for violation of this Law, and the issuance an Order of Public Censure, the costs of the investigation, all reasonable expenses, including attorney's fees and witness fees if any.

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.

You are further notified that pursuant to Section 5-115 of the Act any person who willfully violates subsection (d) of Section 5-60 of the Act is guilty of a Class 3 felony for each offense.

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.

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 include with this Notice.

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

DATED: This 13th day of November 7, 2007.

A handwritten signature in black ink that reads "Jesse White" with a stylized flourish at the end.

JESSE WHITE
Secretary of State
State of Illinois

Attorney for the Secretary of State:

Samuel F. Freiman
Office of the Secretary of State
Illinois Securities Department
69 west Washington Street, Suite 1220
Chicago, Illinois 60602
Telephone: (312) 793-3988

Hearing Officer:

James L. Kopecky
320 North Clark Street, Suite 220
Chicago, Illinois 60610
Telephone: (312) 527-3966