

including, but not limited to, censure and the imposition of a monetary fine in the maximum amount of \$10,000 per violation, payable within ten (10) business days of the entry of the Order.

The grounds for such proposed action are as follows:

1. That Respondent Quantum Biomod Corporation (hereinafter "Quantum"), an Illinois corporation, had maintained a business address at 2614 North Clybourn Avenue, Suite 201, Chicago, Illinois 60614.
2. That Respondent David A. Goodman, President of Quantum (hereinafter "Goodman", and collectively with Quantum "Respondents"), maintains a residence address at 2505 Hunder Road, Arlington Heights, Illinois 60004.
3. That in December, 2002, or thereabouts, Goodman the representative of Quantum approached two Illinois residents (Investors) and pursued a relationship with them for the purpose of selling the Investors each a promissory note at the price of \$30,000 each (the "Offering").
4. That the notes dated December 17, 2002, in part provided:

"In consideration for \$30,000 USD transferred to Quantum BioMod, Quantum BioMod agrees to pay \$37,500 USD within 90 days of receipt of payment from under the following conditions:

If the prototype is sold or license agreement is reached with a manufacturer within 90 days, Quantum BioMod will pay \$37,500.00 USD upon receipt of funds from sale or license.

David A. Goodman and/or Quantum BioMod will pay \$37,500.00 USD under any circumstances within 90 days of receipt of the initial payment from" ... (investor, sic).
5. Subsequent to the foregoing solicitation, the Investors purchased the Offerings with the expectation that they would each receive a return of \$7,500.00 within 90 days their investment.
6. That thereafter the Investors never and to this date received the return of their principal or interest.
7. That the activities described in paragraphs 3 through 5 above constitute the offer and sale of notes, or certificates of interest or participation in profit-sharing agreements, or investment contracts and 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").

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8. That Section 5 of the Act provides, inter alia, that all securities except those exempt under Section 3 or those offered or sold in transactions exempt under Section 4 shall be registered either by coordination or by qualification prior to their offer or sale in the State of Illinois.
9. That Respondents failed to file with the Secretary of State an application for registration of the investment opportunity described above as required by the Act and that as a result the security was not registered pursuant to Section 5 of the Act prior to its offer in the State of Illinois.
10. 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.
11. 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.
12. That by virtue of the foregoing, Respondents have violated Sections 12.A and 12.D of the Act.
13. That Section 11.E(4) provides, inter alia, that in addition to any other sanction or remedy contained in subsection E, the Secretary of State, after finding that any provision of the Act has been violated, may impose a fine as provided by rule, regulation or order against the violator not to exceed \$10,000, and may issue an order of public censure against the violator.
14. That by virtue of the foregoing, Respondents are subject to censure and fine.

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 also notified, pursuant to the Rules, Title 14, Subtitle A, Chapter 1, Part 130, Subpart K, Procedures for Administrative Hearings: Section 130.1102 c); which in part provides: "That by requesting a hearing the Respondent agrees to a tolling of the time limitation on the effectiveness of the Temporary Order or Prohibition or Suspension for 60 days from the date the request is received by the Department. "

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.

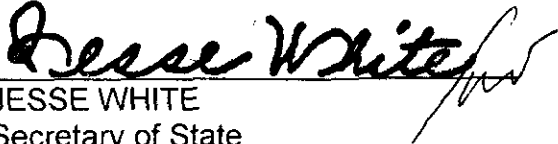
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A copy of the Rules, promulgated under the Act and pertaining to Hearings held by the Office of the Secretary of State, Securities Department, is included with this Notice.

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

Dated: This 13th day of December, 2007.


JESSE WHITE
Secretary of State
State of Illinois

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