

Ave., Unit #510, Chicago, Illinois 60634. Robert Loncarevic does business as Innovative Financial Solutions and Acquisitions.

2. That Innovative Financial Solutions and Acquisitions (or collectively with Loncarevic, "Respondents"), is the business identity used by Loncarevic in engaging in the business of acting as agent, broker, or principal in the business of offering, selling, buying and selling, or otherwise dealing or trading in securities issued by another person.
3. That in or around 2005 – 2006, Respondents placed an advertisement in the Serbian Yellow Pages Phone Book. Illinois Investor #1 responded to the advertisement and met with Respondents at Loncarevic's home office ("Home Office") located at 6461 W. Warner Ave., Unit #510, Chicago, Illinois 60634.
4. That at that meeting, Loncarevic discussed with Illinois Investor #1 various securities investment options, and recommended that Illinois Investor #1 invest in shares of Universal Exchange Corporation ("Universal") and Bluko Corporation ("Bluko").
5. That on or around January 9, 2006, Illinois Investor #1 gave Respondents a check in the amount of \$20,200 for the purchase of shares in Universal and Bluko.
6. That on or around February 3, 2006, Loncarevic sent Illinois Investor #1 a letter stating that Illinois Investor #1 had purchased 10,000 shares of Universal. The letter further states that the shares were purchased at \$1.00 per share as a corporate offering and are considered very risky in nature, and that Illinois Investor #1 will be informed of events and happenings as they manifest over time.
7. That on or around February 3, 2006, Respondents sent a second letter to Illinois Investor #1 which stated there was a small possibility that the company (Universal) might not accept Illinois Investor #1's funds because they were not invested in any other product offered by Universal, and that Respondents would not be at fault if this should manifest in any way.
8. That on or around April 24, 2006, Respondent sent a third letter to Illinois Investor #1 which stated that they had invested \$10,000 for Illinois Investor #1 in 10,000 shares of Universal at \$1.00 par value. The letter further stated that the attached stock certificate reflected the ownership of 20,000 Universal shares in the name of Loncarevic, however, 10,000 of those shares were invested for and on behalf of Illinois Investor #1, who therefore owns 10,000 shares of Universal. The letter also states that any profits and dividends shall be divided as follows: Loncarevic shall receive 10% of any profit/dividends, and Illinois Investor #1 shall receive 90% of any profit/dividends.
9. That Respondents also stated in the April 24, 2006, letter that Respondents received an additional \$10,000 on January 9, 2006, from Illinois Investor #1 to invest in 10,000 shares of Bluko. The letter continued by stating that if Respondents were

unable to purchase the Bluko shares by May 10, 2006, Respondents would return the \$10,000 to Illinois Investor #1 by May 17, 2006.

10. That Respondents invested approximately only \$3,000 of Illinois Investor #1's \$10,000 in Bluko, and converted the balance to their own use and benefit.
11. That in or around 2005 – 2006, Respondents placed an advertisement in the Free Shopper Ad Paper. Illinois Investor #2 responded to the advertisement, and met with Respondents at Loncarevic's Home Office.
12. That at that meeting, Loncarevic discussed with Illinois Investor #2 various securities investment options, and recommended that Illinois Investor #2 invest \$15,000 in shares of Par Three Financial.com ("Par Three"). Loncarevic told Illinois Investor #2 that if he invested \$15,000 in shares of Par Three, Illinois Investor #2 would get 2% per month or 24% annual return on his investment. Loncarevic told Illinois Investor #2 that he would receive a check for \$300 each month in return for his investment in Par Three shares.
13. That on or around May 11, 2005, Illinois Investor #2 gave Respondents a check in the amount of \$15,000 for the purchase of shares in Par Three.
14. That Illinois Investor #2 has not received any of the promised \$300 monthly checks from Respondents, nor has he ever received any returns from Respondents for his \$15,000 investment in shares of Par Three.

Failure to Register

15. That shares of Universal, Bluko, and Par Three are all securities issued by another person and not by Respondents.
16. That Respondents' conduct, as set forth in paragraphs 3 through 5 and 11 through 13 above, constitutes the offer and sale of a security and the activities of a Dealer and a Salesperson, pursuant to Sections 2.5a, 2.5, 2.1, 2.7, and 2.9 of the Act.
17. That Respondents failed to register with the Secretary of State as a securities Salesperson and Dealer as required by the Act and that as a result he was not registered pursuant to Section 8 of the Act prior to his offer to purchase or sell securities issued by another person on behalf of the Illinois Investor in the State of Illinois.
18. That Section 12.A of the Act provides it shall be a violation of the provisions of this Act for any person to offer or sell any security except in accordance with the provisions of this Act.

19. That Section 12.C of the Act provides that it shall be a violation of the provisions of this Act for any person to act as a dealer or salesperson unless registered as such, where such registration is required, under the provisions of this Act.
20. That Section 12.D of the Act provides that it shall be a violation of the provisions of this Act 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 this Act or any rule or regulation made by the Secretary of State pursuant to this Act or to fail to comply with the terms of any order of the Secretary of State issued pursuant to Section 11 hereof.
21. That by virtue of the foregoing, Respondents violated Section 12.A, C, & D of the Act.

Fraud

22. That notwithstanding Respondents' assurances and confirmations, Respondents did not purchase shares of Universal and Bluko for Illinois Investor #1. Instead, Respondents converted Illinois Investor #1's \$20,200, and used it for his own benefit.
23. That notwithstanding Respondents' assurances and confirmations, Respondents did not purchase shares of Par Three for Illinois Investor #2. Instead, Respondents converted Illinois Investor #2's \$15,000, and used it for his own benefit.
24. That Respondents told Illinois Investor #1 and Illinois Investor #2 they had invested in shares of common stock, and failed to notify them that their funds would be invested for Respondents' benefit and not for the Investors' benefit.
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.

Failure to Respond to Subpoena

29. That on November 28, 2007, pursuant to Sections 11.C and 11.D of the Act, the Department issued *Subpoena Ad Testificandum* (the "Subpoena") upon Respondent requiring Respondent to appear and to testify before the Secretary of State of the State of Illinois at the Department's offices located at 69 West Washington, Suite 1220, Chicago, Illinois 60602, on December 19, 2007, and to bring with him certain specified documents.
30. That Respondent failed to appear and testify on December 19, 2007
31. That Section 12.D of the Act provides, *inter alia*, that it shall be a violation of the provisions of this Act for any person to fail to comply with the terms of any order of the Secretary of State issued pursuant to Section 11 hereof.
32. That by virtue of the foregoing, Respondent violated Section 12.D of the Act.
33. 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 A, C, D, 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.
34. That by virtue of the foregoing violations of sub-sections 12.A, C, D, 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.
35. 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.
36. 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.

Notice of Hearing

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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.

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 19th day of December 2007.



JESSE WHITE
Secretary of State
State of Illinois

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