

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

IN THE MATTER OF: SAN JUANITA ARELLANO and
ERNESTO ARELLANO D/B/A ARELLANO INSURANCE AND
FINANCIAL SERVICES and D/B/A
ARELLANO'S FINANCIAL SERVICES, their partners, officers
and directors, agents, employees, affiliates, successors and assigns.

File No. 0600650

ORDER OF PROHIBITION

TO RESPONDENTS:

San Juanita Arellano and
Ernesto Arellano
13020 Ridgewood Drive
Palos Park, Illinois 60464

And

San Juanita Arellano and
Ernesto Arellano
12814 South Western Avenue
Blue Island, Illinois 60406

And

San Juanita Arellano
ID #20070049425
P. O. Box 089002
Chicago, Illinois 60608

And

Ernesto Arellano
ID #20070049538
P.O. Box 089002
Chicago, Illinois 60608

Order of Prohibition

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WHEREAS, a Temporary Order of Prohibition was issued by the Secretary of State on June 29, 2007 which prohibited San Juanita Arellano and Ernesto Arellano d/b/a Arellano Insurance and Financial Services and d/b/a Arellano's Financial Services, their partners, officers and directors, agents, employees, affiliates, successors and assigns ("Respondents") from offering or selling securities in or from the State of Illinois until further order of the Secretary of State or his duly authorized representative;

WHEREAS, pursuant to section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act"), the failure to request a hearing within thirty (30) calendar days of the entry of the Temporary Order shall constitute an admission of any acts alleged therein and constitute a sufficient basis to make the Temporary Order final;

WHEREAS, the Respondents have failed to request a hearing on the matters contained in the Temporary Order within thirty (30) calendar days of the entry of said Temporary Order and the Respondents are hereby deemed to have admitted the facts alleged in the Temporary Order;

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Findings of Fact contained in the Temporary Order as the Secretary of State's Findings of Fact as follows:

1. That Respondent San Juanita Arellano (hereinafter "SA" or together with EA, "Respondents") has last known addresses of 13020 Ridgewood Drive, Palos Park, Illinois 60464 and 12814 South Western Avenue, Blue Island, Illinois 60406 .
2. That Respondent Ernesto Arellano (hereinafter "EA" or together with SA "Respondents") has last known addresses of 13020 Ridgewood Drive, Palos Park, Illinois 60464 and 12814 South Western Avenue, Blue Island, Illinois 60406.
3. That between August 2001 and December 2006 Respondents operated Arellano Insurance and Financial Services, and Arellano's Financial Services located at 12814 S. Western Av., Blue Island, Illinois 60406 providing tax services, insurance services, financial services and notary services to the general public.
4. That Respondents also provided members of the general public, whether newly acquainted with them or the acquaintance was of long duration, with promotional flyers offering investment opportunities and offered to sell promissory notes ("Note(s)") to the clients for terms of 1-5 years with annual interest rates from 11 to 16 percent.
5. That on June 22, 2006 Respondents sold a Note to an Illinois resident ("Investor") for \$85,000 at 12% interest redeemable on June 22, 2007 for \$92,20.

FAILURE TO REGISTER SECURITIES

6. That the Notes described above in paragraphs 4 through 5 are securities as that term is defined in Section 2.1 of the Illinois Securities Act of 1953 [815 ILCS 5] (the "Act").
7. That Section 5 of the Act provides, *inter alia*, that "all securities except those set forth under Section 2a of this Act...or those exempt...shall be registered ...prior to their offer or sale in this State."
8. That Respondents failed to file an application with the Secretary of State to register the Notes as required by the Act, and as a result the Notes were not registered as such prior to their offer or sale in the State of Illinois.
9. 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."
10. That by virtue of the foregoing Respondents violated Section 12.D of the Act.

FRAUD

11. That at the time of the transaction referred to at paragraph 5 Respondents failed and refused to inform the Investor of any risks that Respondents would not be able to pay, or would not pay, the promised principal or interest according to the terms of the Notes.
12. That Respondents, instead of paying the principal and interest as promised in the terms of the Notes, converted the funds received through sale of the Notes to their own use and benefit.
13. That Respondents, at the time of the transaction referred to in paragraph 5, failed and refused to notify the Investor that the funds would be used for their own benefit rather than the Investor's benefit.
14. That Section 12.F of the Act provides, *inter alia*, that it shall be a violation of the provisions of the 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."
15. That Section 12.G of the Act provides, *inter alia*, that it shall be a violation of the provisions of the 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 circumstance under which they were made, not misleading."

Order of Prohibition

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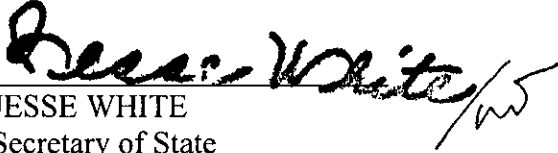
16. That Section 12.I of the Act provides, *inter alia*, that it shall be a violation of the provisions of the Act for any person, "to employ any device, scheme, or artifice to defraud in connection with the sale or purchase of any security, directly or indirectly."
17. That by virtue of the foregoing, Respondents San Juanita Arellano and Ernesto Arellano violated Sections 12.F, 12.G and 12.I of the Act and will violate the Act again if they make further security offers, or if they make any sales of securities, in the State of Illinois.
18. That the aforementioned findings are based upon credible evidence.

NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, Respondents San Juanita Arellano and Ernesto Arellano and their partners, officers and directors, agents, employees, affiliates, successors and assigns, are **PROHIBITED** from rendering investment advice and from offering or selling securities in or from this State until the further Order of the Secretary of State.

NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12.D of the ACT. Any person or entity that fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of this Order, shall be guilty of a Class 4 felony for each offence.

This is a final order subject to administrative review pursuant to the Administrative Review Law [735 ILCS 5/3-101 *et seq.*] and the Rules and Regulations of the Act (14 Ill. Admin. Code, Ch. 1 Sec. 130.1123). Any action for judicial review must be commenced within thirty-five (35) days from the date a copy of this Order is served upon the party seeking review.

Dated: This 9TH day of October 2007.


JESSE WHITE
Secretary of State
State of Illinois

Attorney for the Secretary of State:
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