

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

IN THE MATTER OF: MICHAEL ROBERT VILIM

FILE NO. 0600098

NOTICE OF HEARING

TO THE RESPONDENT: Michael Robert Vilim
816 Royal St. George Dr.
Naperville, Illinois 60563

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (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 24th day of January, 2006, at hour of 10:00 a.m., or as soon as possible thereafter, before James L. Kopecky, Esq., or such other duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether an Order shall be entered which would prohibit Michael Robert Vilim (the "Respondent"), from engaging in the business of selling or offering for sale securities in the State of Illinois, and/or granting such other relief as may be authorized under the Act including but not limited to the imposition of a monetary fine in the maximum amount pursuant to Section 11.E of the Act, payable within ten (10) business days of the entry of the Order.

The grounds for such proposed action are as follows:

1. That Michael Robert Vilim (or "Respondent") is an individual whose last known address is 816 Royal St. George Dr., Naperville, Illinois 60563.
2. That Respondent met the Illinois Investor in January 2003. Respondent told the Illinois Investor that he was a daytrader, and that he believed the company Honeywell ("HON") was going to be bought out and the stock would appreciate significantly. Respondent informed the Illinois Investor that he was going to buy single stock futures in HON, and he solicited the Illinois Investor to give him funds to invest in HON.

3. That on or around April 14, 2003, the Illinois Investor gave Respondent a \$50,000 cashiers check to invest in HON stock. At this time, the HON stock was valued at \$26 dollars per share.
4. That in or around January 2004, when HON stock was valued at \$38 dollars per share, the Illinois Investor instructed Respondent to sell HON and purchase RELM, which was trading at or near \$2 dollars per share. Respondent took the order and subsequently confirmed to the Illinois Investor that he had sold the HON at \$38 and purchased RELM shares at \$2 as instructed.
5. That Respondent Michael Robert Vilim 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.
6. That Respondent's conduct, as set forth in paragraphs 2 through 4 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.
7. That notwithstanding Respondent's assurances and confirmations, Respondent did not purchase HON for the Illinois Investor, did not sell HON at \$38, and did not purchase RELM at \$2. Instead Respondent converted the Illinois Investor's \$50,000, and used it for his own benefit.
8. That Section 12.A of the Act provides that 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.
9. 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.
10. 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.
11. 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.

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12. 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.
13. 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.
14. That by virtue of the foregoing, Respondent has violated Sections 12.A, C, D, F, G, and I of the Act.
15. 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 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.
16. That by virtue of the foregoing violations of sub-sections 12.C, D, F, G, and I, Respondent is 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.
17. 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.
18. That by virtue of the foregoing, Respondent is subject to a fine, censure and costs of investigation pursuant to Section 11.E(4) of the Act.

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.

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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 9th day of November 2006.


JESSE WHITE
Secretary of State
State of Illinois

Attorney for the Secretary of State:
Jay A. Biondo
Office of the Secretary of State
69 West Washington Street
Suite 1220
Chicago, Illinois 60602
Telephone: (312) 793-3378

Hearing Officer:
James L. Kopecky
321 North Clark Street
Suite 2200
Chicago, IL 60610
Telephone: (312) 527-3966