

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

IN THE MATTER OF: NEVIN JON GILLETTE

FILE NO. 0600486

NOTICE OF HEARING

**TO THE RESPONDENT:** Nevin Jon Gillette  
(CRD# 1505851)  
38 Carriage Hill Drive  
Sterling, Illinois 61081

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 29th day of November, 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 revoking Nevin Jon Gillette's (the "Respondent"), registration as a securities salesperson in the State of Illinois, prohibiting him from offering or selling 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:

COUNT I  
FRAUD IN THE OFFER OR SALE OF SECURITIES

1. Nevin Jon Gillette ("Respondent") is a natural person. His last know address is 38 Carriage Hill Drive, Sterling, Illinois 61081.
2. At all relevant times, the Respondent was registered with the Secretary of State as a Securities Salesperson for ING Financial Partners, Inc. ("ING"), in the State of Illinois pursuant to Section 8 of the Act.

3. On August 24, 2006, Illinois Securities Department Staff Members from the Audit and Enforcement Department ("Staff Member(s)") traveled to Respondent's office located at 1600 First Ave., Suites 1 & 2, Rock Falls, Illinois 61071, to complete a securities compliance audit.
4. During the pre-audit interview Respondent stated that he offered both securities investments and insurance products through his office. Respondent stated both that he is registered to sell securities through ING Financial Partners, Inc. ("ING"), and that he is the sole proprietor of Diversified Financial of Illinois, Inc. ("Diversified Financial"), and Executive Marketing Services of Northern Illinois, Inc. ("Executive Marketing"). Respondent further stated that he owns a company named Team Supreme, a fishing tackle business.
5. During the interview conducted by Staff Member, Respondent was advised that the Illinois Securities Department had knowledge that on or about August 7, 2006, Illinois Investor #1 gave Respondent a personal check in the amount of \$160,000 made payable to Executive Marketing.
6. Respondent stated that he told Illinois Investor #1 that he had invested Investor #1's money into a guaranteed interest certificate ("GIC"). The Staff Member then asked Respondent if he had invested Illinois Investor #1's money into a GIC, and Respondent replied that he had not.
7. The Staff Member then asked Respondent if he was involved in any litigation. Respondent initially stated he was not.
8. Staff member then provided the Respondent a copy of the complainant in case # 06 C 0024 S filed in the United States District Court Western District of Wisconsin. Upon review of the complaint Respondent admitted he was a defendant in the lawsuit, and that plaintiff was an investor attempting to recover investment assets that she had entrusted with the Respondent.
9. The Staff Member then asked Respondent if he had wire transferred \$354,717.91 to the law firm of Consigny, Andrew, and Grant in an attempt to settle the lawsuit described in paragraph 8. Respondent answered "yes".
10. During the interview conducted by Staff Member, Respondent was shown a check from Illinois Investor #2, dated May 2, 2006, payable to Executive Marketing, in the amount of \$360,000. Respondent was also shown a check from Illinois Investor #3, dated May 3, 2006, payable to Executive Marketing, in the amount of \$226,000.

11. Staff Member asked Respondent if he had told Illinois Investor #2 and Illinois Investor #3 how their funds would be used. Respondent stated that he told investors he would invest the funds in GICs.
12. The Staff Member asked Respondent if the funds he received from Investor #2 and Investor #3 were used to cover the wire transfer referenced in paragraph 9. Respondent answered "yes".
13. Respondent acknowledged that he had "not invested any of their funds into the GICs."
14. During the interview conducted by Staff Member, Respondent was asked if he knew the term "Ponzi scheme". The Respondent answered "yes".
15. Staff Member then asked Respondent if he was running a "Ponzi scheme" with his investor's money. Respondent replied, "yes, for a very long time." Staff Member asked how long. Respondent replied, "nine years."
16. Respondent identified forty (40) clients that he received more than \$8 Million from through misrepresenting that he would use the funds for investing in GICs.
17. Respondent also admitted that contrary to the representations that he made to the forty (40) clients, he did not use any of their funds to invest in GICs or any other investments.
18. Section 12.F of the Act provides, *inter alia*, 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 works or tends to work a fraud or deceit upon the purchaser or seller thereof.
19. Section 12.G of the Act provides, *inter alia*, 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 statement made, in the light of the circumstances under which they were made, not misleading.
20. Section 12.I of the Act provides, *inter alia*, 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.
21. By virtue of the conduct admitted in paragraphs 5-17, Respondent violated Sections 12.F, G, and I of the Act.

**COUNT II**  
**FAILURE TO DISCLOSE CIVIL LITIGATION**

22. On or around August 3, 2004, Respondent filed an amended Uniform Application for Securities Industry Registration or Transfer ("U4"), seeking registration as a Securities Salesperson in the State of Illinois.
23. Respondent, on his U4 application, indicated a negative response to the question, "have you ever been named as a respondent/defendant in an investment-related, consumer-initiated arbitration or civil litigation which alleged that you were involved in one or more sales practice violations and which is still pending?"
24. Subsequently, Respondent has annually requested re-registration as a Securities Salesperson without amending his U4 application.
25. On or around January 11, 2006, Respondent was named as a defendant in a federal lawsuit (Case # 06 C 0024 S Western District of Wisconsin) filed by a customer of the Respondent.
26. The suit alleged that the Respondent engaged in a series of misrepresentations and practices regarding the Plaintiff's investments with the intent to deceive and defraud the Plaintiffs.
27. On or around March 14, 2006, Attorney Michael B. Van Sicklen filed an appearance on behalf of the Respondent in the above-mentioned lawsuit.
28. Section 8.C(8) of the Act provides, *inter alia*, any change which renders no longer accurate any information contained in any application for registration or re-registration as a salesperson shall be reported to the Secretary of State within 10 business days after the occurrence of such change.
29. Respondent, prior to the compliance exam, has not filed an amended U4, nor provided any information to the Secretary of State to indicate his previous U4 application is no longer accurate.
30. Respondent, prior to the compliance exam, continued to conduct the business of a Securities Salesperson without disclosing pending civil litigation, as required under the Act.
31. 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 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.

**Relief Requested**

**1. Revocation**

32. Section 8.E(1)(b) of the Act provides, *inter alia*, the registration of a salesperson may be revoked if the Secretary of State finds that the salesperson has engaged in any unethical practice in connection with any security, the offer or sale of securities or in any fraudulent business practice.
33. Section 8.E(1)(c) of the Act provides, *inter alia*, the registration of a salesperson may be revoked if the Secretary of State finds that the salesperson has failed to account for any money or property, or has failed to deliver any security, to any person entitled thereto when due or within a reasonable time thereafter.
34. Section 8.E(1)(g) of the Act provides, *inter alia*, the registration of a salesperson may be revoked if the Secretary of State finds that the salesperson has violated any of the provisions of this Act.
35. Section 8.E(1)(h) of the Act provides, *inter alia*, the registration of a salesperson may be revoked if the Secretary of State finds that the salesperson has made any material misrepresentation to the Secretary of State in connection with any information deemed necessary by the Secretary of State to determine a salesperson's business repute or qualifications, or has refused to furnish any such information requested by the Secretary of State.
36. That by virtue of the foregoing, the Respondent's registration as a salesperson in the State of Illinois is subject to revocation pursuant to Sections 8.E(1)(b), (c), (g), and (h) of the Act.

**2. Prohibition**

37. Section 11E(2) of the Act provides, *inter alia*, if the Secretary of State shall find that any person has violated sub-section C, D, E, F, G, H, I, J, or K 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.

38. That by virtue of the foregoing violations of Sections 12.D, F, G, and I, Respondent is subject to permanent prohibition or suspension from offering or selling any securities in this state pursuant to Section 11.E(2) of the Act.

**3. Fine, Censure, and Costs**

39. 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.
40. 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.
41. 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.

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 28<sup>th</sup> day of September 2006.

A handwritten signature in black ink that reads "Jesse White". The signature is written in a cursive style and is positioned above a horizontal line.

JESSE WHITE  
Secretary of State  
State of Illinois

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