

STATE OF ILLINOIS  
SECRETARY OF STATE  
DEPARTMENT OF SECURITIES

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IN THE MATTER OF: WILLIAM H. LOFTHUS )  
LOFTHUS FINANCIAL, INC. )  
LOFTHUS FINANCIAL SERVICES, INC. )  
LOFTHUS and ASSOCIATES, )  
LOFTHUS, INC. and ) No: 0600143  
GMG PRIVATE PROPERTIES )  
his/their partners, officers and directors, )  
agents, employees, affiliates, successors )  
and assigns. )

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**ORDER OF PROHIBITION**

TO THE RESPONDENTS: William H. Lofthus  
17012 Arbor Creek Drive  
Plainfield, Illinois 60544  
and/or  
21743 Knollwood Drive  
Plainfield, Illinois 60544  
CRD#: 1098734

Lofthus Financial, Inc.  
Lofthus Financial Services, Inc.  
Lofthus and Associates  
Lofthus, Inc.  
GMG Private Properties  
2021 Midwest Road  
Suite 200  
Oak Brook, Illinois 60523

**FRAUD**

WHEREAS, a Temporary Order of Prohibition was issued by the Secretary of State on July 13, 2006 which prohibited William H. Lofthus, Lofthus Financial, Inc., Lofthus Financial Services, Inc., Lofthus, Inc., and GMG Private Properties (“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. William H. Lofthus (or “Respondent Lofthus” or collectively with LF, LFS, L&A, LL, and GMG, “Respondents”) is an individual whose last known address is 17012 Arbor Creek Drive, Plainfield, Illinois 60544 and/or 21743 Knollwood Drive, Plainfield, Illinois 60544.
2. At all relevant times, Respondent Lofthus was a salesperson and investment advisor registered with the State of Illinois, and was under contract with Waterstone Financial Group, Inc., (“Waterstone”) until his termination effective February 28, 2006.
3. Lofthus Financial, Inc. (“LF” or collectively with Respondent Lofthus, LFS, L&A, LI and GMG, “Respondents”), is or was a business entity owned and controlled by Respondent Lofthus, with last known addresses of 2021 Midwest Road, Suite 200, Oak Brook, Illinois 60523 and/or 22532 Reserve Circle, Plainfield, Illinois 60544.
4. Lofthus Financial Services, Inc. (“LFS” or collectively with Respondent Lofthus, LF, L&A, LI and GMG, “Respondents”), is or was a business entity owned and controlled by Respondent Lofthus, with last known addresses of 2021 Midwest Road, Suite 200, Oak Brook, Illinois 60523 and/or 22532 Reserve Circle, Plainfield, Illinois 60544.
5. Lofthus and Associates (“L&A” or collectively with Respondent Lofthus, LF, LFS, LI and GMG, “Respondents”), is or was a business entity owned and controlled by Respondent Lofthus, with last known addresses of 2021

Midwest Road, Suite 200, Oak Brook, Illinois 60523 and/or 22532 Reserve Circle, Plainfield, Illinois 60544.

6. Lofthus, Inc. ("LI" or collectively with Respondent Lofthus, LF, LFS, L&A and GMG, "Respondents"), is or was a business entity owned and controlled by Respondent Lofthus, with last known addresses of 2021 Midwest Road, Suite 200, Oak Brook, Illinois 60523 and/or 22532 Reserve Circle, Plainfield, Illinois 60544.
7. GMG Private Properties ("GMG" or collectively with Respondent Lofthus, LF, LFS, L&A, and LI "Respondents"), is or was a business entity owned and controlled by Respondent Lofthus, with last known addresses of 2021 Midwest Road, Suite 200, Oak Brook, Illinois 60523 and/or 22532 Reserve Circle, Plainfield, Illinois 60544.
8. Between the year 2002 and February, 2006 ("The Period") Respondent Lofthus as a representative of Waterstone, provided securities sales services and investment advice to numerous Illinois residents ("Customers").
9. During the Period Respondent Lofthus, through LF, LFS, L&A, and LI offered and sold promissory notes ("Notes") to one or more of the Customers, and in consideration received Customer funds ("Funds").
10. The Notes acknowledged principal Funds received of \$15,000 and \$20,000, representing "an obligation for three years effective on December 5, 2004", maturity December 5, 2007, and promised an annual interest rate of 9.25 percent. The Funds were promised to be invested with GMG to "affect (sic) the purchase of an office building..."
11. Notes are "Securities" as defined in Section 2.1 of the Illinois Securities Law of 1953 [815 ILCS 5](the "Act").
12. Respondent Lofthus deposited said Funds in various bank accounts in Illinois.
13. During the Period Respondent Loftus, instead of investing the Funds as promised in paragraphs 9-12, converted the Funds to his own use and benefit.
14. Respondent Lofthus failed and refused to notify the Customers that the Funds would be used for his own benefit rather than theirs.
15. Section 12.F of the Act provides, *inter alia*, that it shall be a violation 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.

16. Section 12.G of the Act provides, *inter alia*, that it shall be a violation 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 light of the circumstances under which they were made. not misleading.
17. Section 12.I of the Act provides, *inter alia*, that it shall be a violation of the Act or person to employ any device, scheme or artifice to defraud in connection with the sale or purchase of any security, directly or indirectly.
18. By virtue of the foregoing, Respondents violated Section 12.F, 12.G and 12.I of the Act.
19. Section 11.F of the Act provides, *inter alia*, that the Secretary of State may temporarily prohibit the offer or sale of securities by any person, without notice and prior hearing, if the Secretary of State shall deem it necessary to prevent an imminent violation of the Act or to prevent losses to investors that will occur as a result of prior violations of the Act.

NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, Respondents William H. Lofthus, Lofthus Financial, Inc. Lofthus Financial Services, Inc., Lofthus and Associates, Lofthus, Inc., and GMG Private Properties, his/their partners, officers and directors, agents, employees, affiliates, successors and assigns are permanently **PROHIBITED** from offering or selling securities in or from this State until further Order of the Secretary of State.

Dated: This 28<sup>th</sup> day of August 2006.

  
JESSE WHITE  
Secretary of State  
State of Illinois

Attorney for the Secretary of State:  
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