

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

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IN THE MATTER OF: JOHN ALLEN ANDERSON

)  
) File No. 0500232  
)

NOTICE OF HEARING

TO THE RESPONDENT: John Allen Anderson (CRD # 4262167)  
2015 West 65<sup>th</sup> Pl.  
Los Angeles, California 90047-1706

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953, [815 ILCS 5/1 et seq.] (the "Act") and 14 Ill. Adm. Code 130, Subpart K, a public hearing will be held at 300 West Jefferson Street, Suite 300A, Springfield, Illinois 62702, on the 16<sup>th</sup> day of August, 2006, at the hour of 10:00 a.m., or as soon thereafter as counsel may be heard, before Jon K. Ellis, or such other duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether an Order of Prohibition should be entered against John Allen Anderson (the "Respondent") in the State of Illinois and granting such other relief as may be authorized under the Act including but not limited to imposition of a monetary fine in the maximum amount pursuant to Section 11 of the Act, payable within ten (10) days of the entry of the Order.

The grounds for such proposed action are as follows:

Count I (Violation of 12.A and 12.D)

1. That Respondent, John Allen Anderson (hereinafter, "Anderson"), is an individual with a last known address of 2015 W. 65<sup>th</sup> Place, Los Angeles, California 90047-1706;
2. That on or about September 24, 2003, Respondent Anderson offered and sold to KW, an Illinois Resident, an investment contract whereby in return for an investment amount of \$5,000 in Respondent's "joint capitol investment", KW would receive all of the aforesaid principal invested plus 100% interest on said principal no later than 12 months from the date of aforesaid investment;
3. That the above referenced investment contract is a security as that term is defined pursuant to Section 2.1. of the

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Illinois Securities Law of 1953 [815 ILCS 5/1 et seq.] (the "Act");

4. That Section 5 of the Act provides, inter alia, that all securities except those exempt under Section 3 of the Act or those offered and sold in transactions exempt under Section 4 of the Act shall be registered with the Secretary of State prior to their offer or sale in the State of Illinois;
5. That Section 12.A of the Act provides, inter alia, that it shall be a violation of the Act for any person to offer or sell securities except in accordance with the provisions of the Act;
6. That Section 12.D of the Act provides, inter alia, that it shall be a violation of the Act for any person to fail to file with the Secretary of State any document or application required to be filed under the provisions of the Act;
7. That at all times relevant hereto, Respondent Anderson failed to file an application for registration of the above-referenced securities with the Secretary of State prior to their offer or sale in the State of Illinois;
8. That at all times relevant hereto, Respondent Anderson failed to register as a salesperson with the Secretary of State prior to the offer or sale of the aforesaid securities in the State of Illinois;
9. That by virtue of the foregoing, John Allen Anderson has violated Sections 12.A and 12.D of the Act;
10. That Section 11.E(2) of the Act provides, inter alia, that if the Secretary of State shall find that any person has violated subsection D of Section 12 of the Act, the Secretary of State may by written order prohibit the person from offering or selling any securities in this State;
11. That Section 11.E.(3) of the Act provides, inter alia, that if the Secretary of State shall find that any person is engaging or has engaged in the business of selling or offering for sale securities as a dealer or salesperson without prior thereto and at the time thereof having complied with the registration or notice filing requirements of this Act, the Secretary of State may by written order

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prohibit the person from offering or selling any securities in this State;

12. That Section 11.E(4) of the Act provides, inter alia, that if the Secretary of State, after finding that any provision of the Act has been violated, may impose a fine as provided by rule, regulation or order not to exceed \$10,000.00 for each violation of the Act, as well as the costs of investigation and reasonable expenses;
13. That by virtue of the foregoing, the Respondent, John Allen Anderson, is subject to a fine of up to \$10,000.00 per violation, costs of investigation, reasonable expenses, an order of censure, and an order which permanently prohibits the Respondent from offering or selling securities in the State of Illinois.

Count II (Violation of 12.G)

- 1-4. Paragraphs 1-4 of Count I are re-alleged and incorporated as paragraphs 1-4 of this Count II;
5. That Respondent Anderson represented to KW that she had "no risk of loss of principal investment and that no later than 12 months after the aforesaid investment date, KW would receive the full principal and 100% interest; however, more than 12 months have passed since the date of the investment, and as of this date, KW has not received any return from her investment nor has she received a return of her principal as promised by Respondent Anderson; furthermore, KW has been unable to contact Respondent Anderson in this regard despite numerous attempts to do so;
6. That 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 the light of the circumstances under which they were made, not misleading;
7. That at all times relevant hereto, Respondent John Allen Anderson obtained money or property from KW, an Illinois resident, by means of an untrue statement of material fact or an omission to state a material fact by representing to KW that she had "no risk of loss of principal investment"

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and that no later than 12 months after the aforesaid investment date, KW would receive the full principal and 100% interest, when in fact more than 12 months have passed since the date of the investment, and as of this date, KW has not received any return from her investment nor has she received a return of her principal as promised by Respondent Anderson; furthermore, KW has been unable to contact Respondent Anderson in this regard despite numerous attempts to do so.

8. That by virtue of the foregoing, Respondent John Allen Anderson has violated Sections 12.G of the Act;
9. That Section 11.E(1) of the Act provides, inter alia, that if the Secretary of State shall find that the offer or sale or method of offer or sale of any securities by any person, whether exempt or not, in this State, is fraudulent, or would work or tend to work a fraud or deceit, the Secretary of State may by written order prohibit the offer or sale of securities by that person in this State;
10. That Section 11.E(2) of the Act provides, inter alia, that if the Secretary of State shall find that any person has violated subsection G of Section 12 of the Act, the Secretary of State may by written order prohibit the person from offering or selling any securities in this State;
11. That Section 11.E(4) of the Act provides, inter alia, that if the Secretary of State, after finding that any provision of the Act has been violated, may impose a fine as provided by rule, regulation or order not to exceed \$10,000.00 for each violation of the Act, as well as the costs of investigation and reasonable expenses;
12. That by virtue of the foregoing, the Respondent, James Allen Anderson, is subject to a fine of up to \$ 10,000.00 per violation, costs of investigation, reasonable expenses, an order of censure and an order which permanently prohibits the Respondent from offering or selling securities in the State of Illinois.

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 or a Special Appearance pursuant to Section 130.1107 of the Rules, or other responsive pleading within thirty days of the

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receipt of this notice. Your failure to do so within the prescribed time shall be deemed an admission of the allegations contained in the Notice of Hearing and waives your right to a 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.

Delivery of notice to the designated representative of any Respondent constitutes service upon such Respondents.

Dated this 30<sup>th</sup> day of May, 2006.

  
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Jesse White  
Secretary of State  
State of Illinois

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Illinois Securities Department  
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Hearing Officer:  
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