

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

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**IN THE MATTER OF: PEBBLE BEACH  
INVESTMENTS LLC; AND  
BARRY CHESSICK**

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**File No. 0500332**

**TEMPORARY ORDER OF PROHIBITION**

**TO THE RESPONDENTS:** LAW OFFICES OF ROBERT J. SHELIST, P.C.  
Counsel for Barry Chessick  
Attn: Robert J. Shelist  
1061 West Monroe Street  
Chicago, Illinois 60607

PEBBLE BEACH INVESTMENTS, LLC.  
Attn: Barry Chessick  
853 Sanders Road, Suite 180  
Northbrook, Illinois 60062

VIENNA TRUST CAPITAL, LTD  
Attn: Barry Chessick  
853 Sanders Road, Suite 180  
Northbrook, Illinois 60062

BARRY CHESSICK  
3149 Dundee Road, Suite 180  
Northbrook, Illinois 60062

On information and belief, I, Jesse White, Secretary of State of Illinois, through my designated representative, who has been fully advised in the premises by the staff of the Securities Department, Office of the Secretary of State, herein find:

**BACKGROUND FACTS**

1. Pebble Beach Investments, LLC ("PBI") is an Illinois corporation. Its last known address is 853 Sanders Road, Suite 180, Northbrook, Illinois 60062.

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2. Vienna Trust Capital, LTD. ("VTC") is an Illinois corporation. Its last known address is 853 Sanders Road, Suite 180, Northbrook, Illinois 60062.
3. Vienna Trust Capital, LTD., when formed, was in the business of real estate, including the buying, selling and leasing with option to own of real property.
4. Barry Chessick ("Respondent") is the sole owner of PBI at all relevant times herein. His last known address is 3149 Dundee Road, Suite 180, Northbrook, Illinois 60062.

### **BACKGROUND FACTS COMMON TO ALL COUNTS**

5. Complainants, Investor A, Investor B and Investor C, are residents of the State of Illinois.
6. On or about July 1, 2004, Respondent met with Investor A, Investor B and two other potential partners at the home of Investor B. At this meeting, Respondent offered to sell to each of them for the sum of \$17,500.00, 5 percent ownership interest in a company he was forming, later to be named Vienna Trust Capital, LTD, known herein as VTC.
7. Respondent told Complainants that VTC would have three profit centers: mortgage referrals, buying and reselling of real estate and a lease/option-to-buy program. Profits to the investors/partners would be derived and/or calculated in the following manner: referral fee paid to the individual referring a mortgage to Respondent; profits divided among investors, with Respondent obtaining a significant percentage for putting deals together; and profits to each investor to vary, depending upon the individual investor/partner's proportionate shares.
8. On or about July 7, 2004, Investor A and Investor B, each gave to Respondent a check in the amount of \$17,500.00, made payable to Pebble Beach Investments, Respondent's existing company, for a 5 percent ownership interest each in VTC. These funds were deposited in the account of PBI. Respondent told Investor A and Investor B that these funds would be held in the account of PBI temporarily until an account for VTC was established and then transferred to the account for VTC.
9. Respondent told investors that it would be desirable to have more working capital and encouraged them to bring in additional investors, as the initial investments would not be enough to invest in real estate/lease-to-own projects, when the business grew. Investor A and Investor B presented the investment opportunity to several individuals, including Investor C.

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10. In September 2004, Respondent presented an opportunity to Investor A, Investor B and other investors, to invest in a cell phone charger prototype through Larry Love/Sirrus Sales. Respondent was to be the primary point of contact for this investment.
11. At a meeting on September 3, 2004, Respondent offered and sold to Investor B a cell phone charger prototype investment for \$5,000.00. Investor B gave to Respondent a check in the amount of \$5,000.00, which was deposited in the account of PBI. Respondent told Investor B that these funds would be held in the account of PBI temporarily until an account for VTC was established and then transferred to the account for VTC.
12. On or about October 14, 2004, Respondent offered and sold to Investor C a 5 percent ownership interest in VTC for \$17,500.00. Investor C gave to Respondent, a check in the amount of \$17,500.00, which was deposited in the account of PBI. Respondent told Investor C that these funds would be held in the account of PBI temporarily, until an account for VTC was established and then transferred to the account for VTC.
13. Respondent presented an investment opportunity to Investor A, Investor B and Investor C to invest in a condominium project in Las Vegas, Nevada. This investment made available through National Investor's Institute (NII), required a \$5000.00 deposit to purchase a one-bedroom condominium unit at the preconstruction price, wherein the investor would purchase the condominium unit to be leased or mortgaged by another party. On or about December 4, 2004, Investor A and Investor C gave Respondent a check in the amount of \$5,000.00 each, made payable to PBI, for investment in the NII condominium project. These funds were deposited in the account of PBI. Respondent told Investor A and Investor C that these funds would be held in escrow for the investment in the condominium project.
14. On or about December 16, 2004, at the Oak Brook offices of AIR Mortgage, Respondent issued 100 shares each of Voting Common Stock of VTC to Investor A and Investor B and 200 shares of Voting Common Stock of VTC to Investor C.
15. In March 2005, Investor A, Investor B and Investor C requested an accounting of the funds invested in VTC. After Respondent ignored their request, Investor A, Investor B and Investor C demanded that all the funds they invested in VTC be refunded.
16. On June 23, 2005, subsequent to Investor A, Investor B and Investor C's demand, Respondent signed an agreement (the "Agreement") stating: 1) funds for the \$5000.00 phone charger investments would be returned; 2)

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funds for the \$5000.00 Las Vegas condominium investment would be returned to investors who did not wish to close on the Las Vegas condominium project; 3) Respondent would structure three real estate deals for Investor A, Investor B and Investor C; and 4) Respondent would distribute to Investor A, Investor B and Investor C, profits from an existing lease option property purchase and provide an accounting for this investment.

17. That in fact, between September 2004 and June 2005, the Respondent made numerous withdrawals from the PBI account, for his own use and benefit, depleting the funds in the PBI account.
18. To date, despite demands, the Respondent has failed to fulfill the terms, pursuant to the Agreement.
19. To date, despite demands, Investor A, Investor B and Investor C have not received any monies back from their investments, pursuant to the Agreement.
20. Investor A, Investor B and Investor C did not have any pre-existing relationship with Respondent before the above referenced investments.
21. That the activities set forth in paragraphs 1, 3, 6, 8, 12 and 15 above constitute the offer and sale of stock, and therefore a security, as those terms are defined in Section 2.1, 2.5 and 2.5a of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*

**COUNT I**

**815 ILCS 5/12(A) and (D) violations: Respondents sold  
unregistered securities.**

- 1-21. The Illinois Secretary of State re-alleges and incorporates paragraphs 1 through 21 as paragraphs 1 through 21 of this Count I.
22. Section 12(A) of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, (the "Act") states 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."
23. 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.

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24. Section 12(D) of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, states that it shall be a violation of the provisions of the Act for any person to “fail to file with the Secretary of State any application, report or document 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.
25. Respondents failed to file an application for registration of the above-referenced securities with the Secretary of State and as a result, the securities were not registered pursuant to Section 5 of the Act prior to their offer and sale in the State of Illinois.
26. By virtue of the foregoing, Respondents violated Sections 12.A and 12.D of the Act.

**COUNT II**

**815 ILCS 5/12(F): Respondents engaged in practices in connection with the sale of securities that worked a fraud or deceit on the purchaser thereof.**

- 1-21. The Illinois Secretary of State re-alleges and incorporates paragraphs 1 through 21 of Count I as paragraphs 1 through 21 of this Count II.
22. Section 12(F) of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, states 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.”
23. The facts alleged in paragraphs 1 through 20, specifically paragraphs 8, 11-14, 16, 17, 18, and 19, above, demonstrate that Respondent violated Section 12(F) of the Act. In particular: Respondent failed to develop a lease option program for VTC, as agreed in the June 23, 2005 agreement; Respondent proposed, then failed to refund money back to investors from Las Vegas condominium bid and cell phone charger prototype investment; Respondent proposed, then failed to satisfactorily structure real estate deals for Complainants; and Respondents failed to distribute any profits earned from VTC to Complainants; instead Respondent depleted the funds of VTC.

**COUNT III**

**815 ILCS 5/12(G) violation: Respondents obtained money or property through the sale of securities by means of any untrue statement of material fact or any omission to state a material fact necessary in order to make the statements made...not misleading.**

- 1-21. The Illinois Secretary of State re-alleges and incorporates paragraph 1 through 21 of Count I as paragraphs 1 through 21 of this Count III.
22. Section 12(G) of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, states 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 light of the circumstances under which they were made, not misleading.”
23. The facts alleged in paragraphs 1 through 20, specifically paragraphs 6, 8, 11, 12 and 13, above, demonstrate Respondents violated Section 12(G) of the Act. In particular: Respondents represented that the Complainants’ investment monies would be held temporarily in the account of PBI until VTC was fully established, then transferred to VTC’s account (see paragraphs 8, 11 and 12), and instead, Respondent converted Investor A, Investor B and Investor C’s money for his own personal use and benefit.

**COUNT IV AGAINST RESPONDENTS**

**815 ILCS 5/12(I) violation: Respondent employed a scheme to defraud in connection with the sale of securities.**

- 1-21. The Illinois Secretary of State re-alleges and incorporates paragraph 1 through 21 of Count I as paragraphs 1 through 21 of this Count IV.
22. Section 12(I) of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, states 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.”
23. The facts alleged in paragraphs 1 through 20, specifically paragraphs 6 through 9, 13, and 17 through 19, above, demonstrate Respondents violated Section 12(I) of the Act. In particular: Respondents sold to Investor A, Investor B and Investor C, a 5% interest in a lease option program for \$17,500 each. However, the lease option program never existed or materialized. Based on false information from Respondents that more investors were needed for VTC to grow, Investor A and Investor B to persuaded Investor C to purchase stock in VTC. Respondents ignored Complainants request for an accounting of VTC funds and instead

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Respondent converted the funds of VTC to his own personal benefit and use.

24. Section 11.F(2) 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 which the Secretary of State reasonably believes will occur as a result of a prior violation of the Act.
25. Based on the above-referenced evidence, the Secretary of State deems it necessary to temporarily prohibit the offer or sale of any and all securities issued or issuable by Respondents, their agents, employees and affiliates in the State of Illinois or to any Illinois resident to prevent an imminent violation of the Act; and
26. The entry of this Temporary Order prohibiting Respondents, their agents, employees and affiliates from offering or selling securities in the State of Illinois is in the public interest and for the protection of the investing public and is consistent with the purposes of the Act.

NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, **Respondents Barry Chessick, Pebble Beach Investments, LLC and Vienna Trust Capital, LTD** are **PROHIBITED** from offering or selling securities in or from this State until the further Order of the Secretary of State.

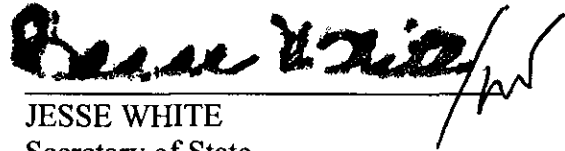
NOTICE is hereby given that Respondents may request a hearing on this matter by transmitting such request in writing to Tanya Solov, Director, Illinois Securities Department, 69 West Washington Street, Suite 1220, Chicago, Illinois 60602. Such request must be made within thirty (30) calendar days of the date of entry of the Temporary Order of Prohibition. Upon receipt of a request for hearing, a hearing will be scheduled as soon as reasonable practicable. A request for hearing will not stop the effectiveness of this Temporary Order and will extend the effectiveness of this Temporary Order for sixty days from the date the hearing request is received by the Department.

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FAILURE BY ANY RESPONDENT TO REQUEST A HEARING WITHIN THIRTY (30) CALENDAR DAYS AFTER ENTRY OF THIS TEMPORARY ORDER OF PROHIBITION SHALL CONSTITUTE AN ADMISSION OF ANY FACTS ALLEGED HEREIN AND SHALL CONSTITUTE SUFFICIENT BASIS TO MAKE THIS TEMPORARY ORDER OF PROHIBITION FINAL.

Dated: This 7<sup>th</sup> day of March 2006.



JESSE WHITE  
Secretary of State  
State of Illinois

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