

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF:)

SPIROS PICOULAS,)
A/K/A SPYROS PICOULAS)
his partners, officers and directors, agents,)
employees, members, affiliates, successors)
and assigns.)

No 1200176

NOTICE OF HEARING

**TO RESPONDENT: Spiros Picoulas
A/k/a Spyros Picoulas
111 East Chestnut Street
Unit 47G
Chicago, Illinois 60611**

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 July, 2013 at the hour of 10:00 a.m. or as soon thereafter as possible before James Kopecky, Esq or such other designated Hearing Officer as the Secretary of State may appoint.

Said hearing will be held to determine whether a permanent Order shall be entered prohibiting Respondent **Spiros Picoulas, a/k/a Spyros Picoulas**, and his partners, officers and directors, agents and employees, affiliates, successors and assigns from offering or selling securities in or from 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 Sec 11.E(4) of the Act, payable within ten (10) days of the Order

The grounds for such proposed action are as follows:

1. Respondent **Spiros Picoulas a/k/a Spyros Picoulas** (at times hereinafter "Picoulas" or "Respondent") has a last known address of 111 East Chestnut Street, Unit 47G, Chicago, Illinois 60611.

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2. Respondent Picoulas, at all times relevant herein, was a 50% membership owner and officer of Construction Import Solutions, LLC. (hereinafter "Construction Import") an Illinois Limited Liability Company engaged in the business of developing real estate.
3. Picoulas and his co-owner S T. ("Co-owner") established Construction Import through a contract ("Agreement") which allotted each of them 50% membership ownership in Construction Import and set the value of the entire company at \$1,000,000
4. Co-owner loaned Picoulas the entire amount of money (\$500,000) necessary to purchase his 50% ownership interest
5. Between October 2008 and December 2010 ("Timeframe") Respondent Picoulas solicited and sold percentages of his own membership units ("Units") in Construction Import to numerous investors (hereinafter at times "Investor" or "Investors")
6. During the solicitation process Picoulas made various representations regarding Construction Import to Investors in order to entice Investors to make the purchase of the membership units.
7. During the Timeframe the Investors paid Picoulas between \$25,000 and \$500,000 for the purchase of various percentages of interest in Construction Import.
8. During the Timeframe Investors paid Picoulas approximately \$1,248,000 for the purchase of the membership units
9. The activities described above in paragraphs 5-8 constitute the offer and sale of membership units in a limited liability company and are therefore a security as those terms are defined in Sections 2.1, 2.5 and 2.5a of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act").

FRAUD – COUNT ONE

10. On or about October 28, 2008 one of the Investors ("Investor #1") agreed to pay \$500,000 to Picoulas for the purchase of 10% of the membership units in Construction Import
11. Investor #1 paid Picoulas the \$500,000 through eight payments made between October 28, 2008 and July 31, 2009.

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12. In October 2008, prior to the sale of the membership units, Picoulas made the following false and fraudulent misrepresentations or omissions to Investor #1 in order to induce Investor to make the purchase:
 - a. Picoulas falsely stated that Construction Import owned real estate in Chicago, Illinois when, in fact, Construction Import did not own any real estate and the true owner of the subject real estate was the Peoples Gas Company.
 - b. Picoulas failed and omitted to inform Investor #1 that Construction Import owned only an option to purchase the real estate for \$3,750,000, or that Construction Import did not have the \$3,750,000 to exercise the option.
 - c. Picoulas stated that the real estate was ready to be developed which was untrue because the option could not be exercised, and the property could not be developed, until an environmental clean-up was completed by Peoples Gas Company, and then approved by the Environmental Protection Agency (clean-up not completed to date)
 - d. Picoulas omitted to inform Investor #1 that Picoulas' 50% ownership interest in Construction Import was encumbered by an un-repaid loan from his Co-owner to Picoulas in the amount of \$500,000 (the entire value of Picoulas' interest).
 - e. Picoulas omitted to inform Investor #1 that any/all new investors were, according to Picoulas' Agreement with Co-owner, required to sign a document agreeing to the terms of the Agreement.
 - f. Picoulas told Investor #1 that the Investor #1 would receive the full return of principal of \$500,000 and an additional \$1,500,000 "within two years" of the date of the October, 2008 purchase of the membership units, but Investor #1 has received no return on the investment to date.
13. Investor #1 relied on all of the misrepresentations/omissions set forth above in paragraphs 12a through 12f, and would not have purchased membership units in Construction Import had Investor #1 known of any of them.
14. Respondent Picoulas failed to provide Investor #1 with a Private Placement Memorandum prior to the investment.
15. At the time of the sale Respondent Picoulas omitted, failed and refused to notify Investor #1 of the risk involved in the purchase of the membership units that could result in the loss of the money paid by Investor #1.

FRAUD – COUNT TWO

16. On or about October 10, 2009 one of the Investors (“Investor #2”) agreed to pay \$250,000 to Picoulas for the purchase of 5% of the membership units in Construction Import.
17. Investor #2 paid Picoulas the \$250,000 through two payments made on October 10, 2009 and October 26, 2009.
18. In October 2009, prior to the sale of the membership units, Picoulas made the following false and fraudulent misrepresentations or omissions to Investor #2 in order to induce Investor to make the purchase:
 - a. Picoulas falsely stated that Construction Import owned real estate in Chicago, Illinois when, in fact, Construction Import did not own any real estate and the true owner of the subject real estate was the Peoples Gas Company.
 - b. Picoulas failed and omitted to inform Investor #2 that Construction Import owned only an option to purchase the real estate for \$3,750,000, or that Construction Import did not have the \$3,750,000 to exercise the option.
 - c. Picoulas stated that the real estate was ready to be developed which was untrue because the option could not be exercised, and the property could not be developed, until an environmental clean-up was completed by Peoples Gas Company, and then approved by the Environmental Protection Agency (clean-up not completed to date).
 - d. Picoulas omitted to inform Investor #2 that Picoulas’ 50% ownership interest in Construction Import was encumbered by an un-repaid loan from his Co-owner to Picoulas in the amount of \$500,000 (the entire value of Picoulas’ interest).
 - e. Picoulas omitted to inform Investor #2 that any/all new investors were, according to the Agreement with, required to sign a document agreeing to the terms of the Agreement.
 - f. Picoulas omitted to inform Investor #2 that under the Agreement with the Co-owner he was not allowed to sell over 10% of his membership interests, and that by the time of his sales to Investor #2 he had already sold more than 10% to a previous Investor, and therefore the sale to Investor #2 exceeded his allowed 10%.

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- g. Picoulas told Investor #2 that the Investor #2 would receive the full return of principal of 250,000 and an additional \$750,000 “within two years” of the date of the October, 2009 purchase of the membership units, but Investor #2 has received no return on the investment to date.
- 19. Investor #2 relied on all of the misrepresentations/omissions set forth above in paragraphs 18a through 18g, and would not have purchased membership units in Construction Import had Investor #2 known of any of them.
- 20. Although Investor #2 received a Private Placement Memorandum from Respondent, Investor speaks little English and was unable to understand the Private Placement Memorandum
- 21. At the time of the sale Respondent Picoulas omitted, failed and refused to notify Investor #2 of the risk involved in the purchase of the membership units that could result in the loss of the money paid by Investor #2.

FRAUD – COUNT THREE

- 22. Between February 2009 and October 2009 a total of 5 Investors (“Investors # 3, 4, 5, 6, and 7”) agreed, to pay a total of \$263,500 to Picoulas for the purchase of 5% of the membership units in Construction Import.
- 23. Investors #3, 4, 5, 6, and 7 paid Picoulas the \$263,500 through fourteen payments made between February 19, 2009 and December 10, 2009.
- 24. Prior to the sale of each membership unit, Picoulas made the following false and fraudulent misrepresentations or omissions to each and every one of Investors #3, 4, 5, 6, and 7, in order to induce the Investors to make the purchases:
 - a. Picoulas falsely stated that Construction Import owned real estate in Chicago, Illinois when, in fact, Construction Import did not own any real estate and the true owner of the subject real estate was the Peoples Gas Company.
 - b. Picoulas failed and omitted to inform Investors #3, 4, 5, 6, and 7 that Construction Import owned only an option to purchase the real estate for \$3,750,000, or that Construction Import did not have the \$3,750,000 to exercise the option.
 - c. Picoulas stated that the real estate was ready to be developed which was untrue because the option could not be exercised, and the property could

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not be developed, until an environmental clean-up was completed by Peoples Gas Company, and then approved by the Environmental Protection Agency (clean-up not completed to date).

- d Picoulas omitted to inform Investors #3, 4, 5, 6, and 7 that Picoulas' 50% ownership interest in Construction Import was encumbered by an unrepaid loan from his Co-owner to Picoulas in the amount of \$500,000 (the entire value of Picoulas' interest)
 - e. Picoulas omitted to inform Investors #3, 4, 5, 6, and 7 that under the Agreement with the Co-owner he was not allowed to sell over 10% of his membership interests, and that by the time of his sales to Investors #3, 4, 5, 6, 7, and 8 that he had already sold more than 10% to previous Investors, and therefore each sale to Investors #3, 4, 5, 6, and 7 exceeded his allowed 10%
 - f Picoulas omitted to inform Investors #3, 4, and 7 that any/all new investors were, according to the Agreement with, required to sign a document agreeing to the terms of the Agreement.
25. Investors #3, 4, and 7 relied on all of the misrepresentations/omissions set forth above in paragraphs 24a through 24f, and would not have purchased membership units in Construction Import had the Investors known of any of them.
- 26 Investors #5 and 6 relied on all of the misrepresentations/omissions set forth above in paragraphs 24a through 24f, and would not have purchased membership units in Construction Import had the Investors known of any of them
27. Respondent Picoulas failed to provide Investors #3 and 4 with Private Placement Memoranda prior to the investment.
28. At the time of the sale Respondent Picoulas omitted, failed and refused to notify Investors #3, 4, 5, 6, and 7 of the risk involved in the purchase of the membership units that could result in the loss of the money paid by Investors #3, 4, 5, 6, and 7

FRAUD – COUNT FOUR

29. Between January 2010 and October 2010 a total of 5 Investors (“Investors #8, 9, 10, 11, and 12”) agreed, separately and independently of each other, to pay a combined total of \$235,000 to Picoulas for the purchase of a total of approximately 4% of the membership units in Construction Import.
- 30 Investors #8, 9, 10, 11, and 12 paid Picoulas the \$235,000 through seven separate and independent payments made between January 14, 2010 and October 15, 2010

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31. Prior to the sale of each membership unit, Picoulas made the following false and fraudulent misrepresentations or omissions to each and every one of Investors #8, 9, 10, 11, and 12 in order to induce the Investors to make the purchases:
 - a. Picoulas falsely stated that Construction Import owned real estate in Chicago, Illinois when, in fact, Construction Import did not own any real estate and the true owner of the subject real estate was the Peoples Gas Company.
 - b. Picoulas failed and omitted to inform Investors #8, 9, 10, 11, and 12 that Construction Import owned only an option to purchase the real estate for \$3,750,000, or that Construction Import did not have the \$3,750,000 to exercise the option.
 - c. Picoulas stated that the real estate was ready to be developed which was untrue because the option could not be exercised, and the property could not be developed, until an environmental clean-up was completed by Peoples Gas Company, and then approved by the Environmental Protection Agency (clean-up not completed to date).
 - d. Picoulas omitted to inform Investors #8, 9, 10, 11, and 12 that Picoulas' 50% ownership interest in Construction Import was encumbered by an un-repaid loan from his Co-owner to Picoulas in the amount of \$500,000 (the entire value of Picoulas' interest)
 - e. Picoulas omitted to inform Investors #8, 9, 10, 11, and 12 that any/all new investors were, according to the Agreement with, required to sign a document agreeing to the terms of the Agreement.
 - f. Picoulas omitted to inform Investors #8, 9, 10, 11, and 12 that under the Agreement with the Co-owner he was not allowed to sell over 10% of his membership interests, and that by the time of his sales to Investors #8, 9, 10, 11, and 12 he had already sold more than 10% to previous Investors, and therefore each sale to Investors #8, 9, 10, 11, and 12 exceeded his allowed 10%.
32. Investors #8, 9, 10, 11, and 12 relied on all of the misrepresentations/omissions set forth above in paragraphs 31a through 31f, and would not have purchased membership units in Construction Import had the Investors known of any of them.
33. At the time of the sale Respondent Picoulas omitted, failed and refused to notify Investors #8, 9, 10, 11, and 12 of the risk involved in the purchase of the membership units that could result in the loss of the money paid by Investors #8, 9, 10, 11, and 12.

FRAUD – COUNT FIVE

34. The Agreement between Picoulas and the Co-owner provided that a breach of any term of the Agreement would nullify and negate any equity sales in Construction Import.
35. One of the terms of the Agreement was that any sale of an equity interest in Construction Import required the approval of both owners.
36. Picoulas failed to procure the required approval from the Co-owner, and failed to even notify the Co-owner of all but two of the sales to Investors, thereby breaching the Agreement, and possibly nullifying and negating the sale of the equity interest.
37. Picoulas omitted and failed to inform all but two of the Investors who purchased his membership interests that he did not secure the Co-owner's approval and did not notify the Co-owner of the sales and that therefore the interests that they purchased would possibly be nullified and they might lose the money paid to Picoulas to purchase the interests.
38. 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.
39. 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
40. By virtue of the foregoing, Respondent repeatedly violated Sections 12.F and 12.G of the Act and will violate them again if he makes further offers, or if he makes any sales of limited liability company membership units or other securities described above 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 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.

The Rules promulgated under the Act and pertaining to Hearings held by the Office of the Secretary of State, Securities Department may be viewed online at <http://www.cyberdriveillinois.com/departments/securities/lawrules.html>

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

Dated: This 24th day of May 2013.


JESSE WHITE
Secretary of State
State of Illinois

Attorney for the Secretary of State
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