

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: L. KENNEDY DBA LUXEM CAPITAL,)
 LYDIA KENNEDY RITA AND) File No.1300141
 YUNG BAE KIM)

ORDER OF PROHIBITION

TO THE RESPONDENT: L. Kennedy dba Luxem Capital
 P.O. Box 2455
 Carbondale, Illinois 62902

Lydia Kennedy Rita
1719 NE Miami Gardens Dr. #233
North Miami Beach, FL 33179-5351

Yung Bae Kim
Substitute Service:
Secretary of State Index Department

WHEREAS, a Temporary Order of Prohibition was issued by the Secretary of State on April 17, 2013 prohibiting L. Kennedy dba Luxem Capital, Lydia Kennedy Rita and Yung Bae Kim from offering and selling securities in the State of Illinois until further order of the Secretary of State.

WHEREAS, pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5/1 et seq] (the "Act"), the failure to request a hearing within thirty days of the entry of the Temporary Order of Prohibition shall constitute a sufficient basis to make the Temporary Order final.

WHEREAS, L. Kennedy dba Luxem Capital, Lydia Kennedy Rita and Yung Bae Kim have failed to request a hearing on the matters contained in said Temporary Order within thirty days of the entry of said Temporary Order and are hereby deemed to have admitted the facts alleged in said Temporary Order

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Findings of Fact contained in said Temporary Order as the Secretary of State's final Findings of Fact as follows:

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1. Respondent, L. Kennedy dba Luxem Capital, purports to have a mailing address of P.O. Box 2455, Carbondale, Illinois 62902.
2. Respondent, Lydia Kennedy Rita, is an individual also known as L. Kennedy, Lia Kennedy, Lydia Kennedy and Lydia Mae Rita with a last known address of 1719 NE Miami Gardens Dr. #233, North Miami Beach, Florida 33179-5351 and a previous address of 61 W. Murphysboro Rd., Carbondale, Illinois 62901.
3. Respondent, Yung Bae Kim, is an individual with no known address at this time.
4. Respondents issued a Promissory Note dated May 26, 2010, explicitly stating that it was under penalty of perjury, to a Tennessee resident (the "Investor").
5. One copy of the Promissory Note was signed by L. Kennedy and another was signed by Yung Bae Kim, as guarantor.
6. The Promissory Note also stated that, in exchange for twenty-five thousand dollars (\$25,000), the Investor would receive seventy-five thousand dollars (\$75,000) within ninety (90) days. If payment was more than ten (10) days late, a five thousand (\$5,000) late fee would also be paid to the Investor
7. On May 28, 2010, twenty-five thousand dollars (\$25,000) was wired into a Carbondale, Illinois bank account in the name of Luxem Capital.
8. No payment has ever been made to the Investor, despite the Investor's repeated demands
9. Respondents failed to disclose to the Investor the substantial risk of investing in the Promissory Note.
10. Furthermore, history indicates that, as a course of business, Respondent, Lydia Kennedy Rita, has made promises to pay guaranteed sums of money to investors and then failed to do so.
 - a) In 1998, in a case brought by the United States Attorneys' Office in the Western District of Texas, Austin Division, Lydia Kennedy Rita entered into a plea agreement wherein she agreed to plead guilty to a charge of conspiracy to commit wire fraud and a charge of engaging in monetary transactions involving property from unlawful activity.
 - b) Lydia Kennedy Rita was sentenced to forty-two (42) months imprisonment and was ordered to pay restitution in the amount of one million, nine hundred eighteen, four hundred ninety-six dollars and ninety cents (\$1,918,496.90).

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- c) In support of her guilty plea, she agreed with the prosecution that, as part of a conspiracy and fraudulent scheme, Lydia Kennedy Rita dba L. Kennedy & Associates in Austin, Texas (and others) enticed investors to send her money in connection with loans and executed irrevocable payment guarantees to provide the false impression that the money sent in was secure and would be refunded in full.
 - d) She further agreed that, as part of the conspiracy and fraudulent scheme, Lydia Kennedy Rita (and others) made false and fraudulent representations in order to lull, stall, hinder or delay action to gain the refund of the money received.
11. The Promissory Note is a security as defined in Section 2.1 of the Act.
 12. Each Respondent acted as a dealer and/or salesperson as the terms are defined in Sections 2.7 and 2.9 of the Act.
 13. Section 8 of the Act provides, inter alia, that every dealer and salesperson shall be registered as such with the Secretary of State.
 14. Section 12.C of the Act provides, inter alia, that it shall be a violation of the Act for any person to act as a dealer or salesperson unless registered as required under the Act
 15. At all times relevant hereto, the Respondents failed to register as a dealer or salesperson prior to the offer and sale of securities in the State of Illinois.
 16. The activities described above constitute the offer and sale of a security as defined in Sections 2.5 and 2.5a of the Act.
 17. Section 5 of the Act provides, inter alia, that all securities, unless otherwise provided in Section 2a, 3, 4, 6 or 7 of the Act, shall be registered prior to their offer or sale in this State of Illinois.
 18. Respondents failed to file with the Secretary of State an application for registration of the securities described above as required by the Act, and as a result, the security was not registered pursuant to Section 5 of the Act prior to its offer in the State of Illinois.
 19. Section 12.A of the Act provides, inter alia, that it shall be a violation of the Act to offer or sell any security except in accordance with the Act.

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20. Section 12.D of the Act provides, inter alia, that it shall be a violation of the Act to fail to file with the Secretary of State any application, report or document required to be filed under the Act.
21. Section 12.F of the Act provides, inter alia, that it shall be a violation of the Act 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.
22. Section 12.G of the Act provides, inter alia, that it shall be a violation of the Act 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.
23. Section 12.I of the Act provides, inter alia, that it shall be a violation of the Act to employ any device, scheme or artifice to defraud in connection with the sale or purchase of any security, directly or indirectly.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Conclusions of Law contained in said Temporary Order as the Secretary of State's final Conclusions of Law as follows:

24. By virtue of the foregoing, the Respondents, L. Kennedy dba Luxem Capital, Lydia Kennedy Rita and Yung Bae Kim, have violated Sections 12.A, 12.C, 12.D, 12.F, 12.G and 12.I of the Act.
25. By virtue of the foregoing, Respondents, L. Kennedy dba Luxem Capital, Lydia Kennedy Rita and Yung Bae Kim, are subject to, pursuant to Section 11.F of the Act, an Order which permanently prohibits them from offering or selling securities in the State of Illinois.

NOW THEREFORE, IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, L. Kennedy dba Luxem Capital, Lydia Kennedy Rita and Yung Bae Kim are hereby permanently PROHIBITED from offering and selling securities in or from the State of Illinois.

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ENTERED: This 21st day of May, 2013



JESSE WHITE
Secretary of State
State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of the Section 12.D of the Act. Any person or entity who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of the Order, shall be guilty of a Class 4 felony for each offense.

This is a final order subject to administrative review pursuant to the Administrative Review Law, [735 ILCS 5/3-101 et seq.] and the Rules and Regulations of the Illinois Securities Act, [14 Ill. Admin. Code Ch. I, Section 130.1123]. Any action for Judicial Review must be commenced within thirty-five (35) days from the date a copy of this Order is served upon the party seeking review.

Attorney for the Secretary of State:

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