

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: G.D. CASTILLO, M.D. LTD.)
PROFIT SHARING PLAN, A)
SMALL EMPLOYER PENSION PLAN) FILE NO: 0400337
)
)

NOTICE OF HEARING

TO THE RESPONDENT: G.D. Castillo, M.D. Ltd.
Profit Sharing Plan

C/O Marc Ansel
Law Office of Ansel and Small, Ltd.
P.O. Box 468
Champaign, Illinois 61824-0468

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 W. Jefferson St. Suite 300A, Springfield, Illinois 62702, on the 21st day of September, 2005 at the hour of 10:00 a.m., or as soon thereafter as counsel may be heard, before Jon Ellis, or such other duly designated Hearing Officer of the Secretary of State. A copy of the Rules under the Act pertaining to contested cases is attached to this Notice.

Said hearing will be held to determine whether an Order should be entered against G.D. Castillo, M.D. Ltd. Profit Sharing Plan 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:

(Violation of Section 12.A)

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1. G.D. Castillo M.D. Ltd. Profit Sharing Plan is a Single Employer Benefit Plan "the Plan" organized pursuant to United States Internal Revenue Service and U.S. Department of Labor rules and statutes;
2. G.D. Castillo M.D. Ltd is an Illinois registered corporation and the Plan Sponsor (the "Plan Sponsor") of the G.D. Castillo M.D. Ltd. Profit Sharing Plan;
3. Four employees of G.D. Castillo M.D. Ltd. are currently covered under the Plan;
4. From the time period of 1977 to the present, the Plan was not administered by an outside third party Plan administrator nor were the Plan assets managed by an outside third party money manager but rather both Plan administration and asset management were conducted by an employee of G.D. Castillo, M.D. Ltd. who did not have any specialized training, degrees or licenses in Pension Plan administration or Financial/Asset management;
5. As of October 12, 2004 (the date of the Plan's most recent filing with the Internal Revenue Service), the Plan had assets valued at \$2,905,730 consisting of \$2,016,743 of stock in CIB Bancshares, a residential home in Golden, Colorado valued at \$756,000 and \$123,987 in cash or cash equivalents;
6. The shares of CIB Bancshares stock were acquired by the Plan in private placement transactions pursuant to Regulation D of the Securities and Exchange Commission;
7. As such, the above-referenced shares of CIB Bancshares stock were not registered with the Illinois Secretary of State, the Securities and Exchange Commission nor any other state regulatory agency and thus were subject to certain restrictions regarding their sale and transferability;

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8. On December 31, 2000, Melody Maxwell a former employee of G.D. Castillo Ltd., ended her employment with the Plan Sponsor and received a rollover distribution of her share of the Plan;
9. As part of her distribution, Ms. Maxwell received 6,892 shares of CIB Bancshares stock valued at the time of the distribution at \$135,841.32 in lieu of cash;
10. At the time of the distribution, the Plan failed to inform Ms. Maxwell of the restrictions placed upon CIB Bancshares stock and that there was no ready market for transactions in CIB Bancshares stock;
11. The above-referenced CIB Bancshares stock are securities as that term is defined pursuant to Section 2.1. of the Illinois Securities Law of 1953 [815 ILCS 5/1 et seq.] (the "Act");
12. 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;
13. That by virtue of the foregoing, the Respondent has violated Section 12.A of the Act;
14. 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; and
15. That by virtue of the foregoing, the Respondent is subject to a fine of up to \$10,000.00 per violation.

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.

A copy of the Rules, promulgated under the Act and pertaining to Hearings held by the Office of the Secretary of State, Illinois Securities Department, is included with this Notice.

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

ENTERED: This 29th day of August, 2005

Jesse White *DF*
Jesse White
Secretary of State
State of Illinois

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Hearing Officer:
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