

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

IN THE MATTER OF: Charles G. Oleson)
_____))

File No: C0500033

NOTICE OF HEARING

TO THE RESPONDENT:

Charles G. Oleson
1517 Winslowe Drive Unit # 2B
Palatine, Illinois 60074
CRD #703721

Charles G. Oleson
120 S. Riverside #2100
Chicago, Illinois 60606

Charles G. Oleson
1430 Linden
Northbrook, Illinois 60062

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 (the "Rules"), a public hearing will be held at 69 West Washington Street, Suite 1220, Chicago, Illinois 60602, on the 14th day of December, 2005, at 10:00 am, or as soon thereafter as counsel may be heard, before the duly designated Hearing Officer of the Secretary of State.

This hearing will be held to determine whether an Order should be entered pursuant to Section 11.E of the Act prohibiting Respondents from selling or offering for sale securities in the State of Illinois and/or 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 11.E (4) of the Act, payable within ten (10) days of the Order.

The grounds for such proposed action are as follows:

NOTICE OF HEARING

COUNT I
Fraud or Deceit

1. Charles G. Oleson ("Respondent") is an individual whose last known address is 1517 Winslowe Drive, Palatine, Illinois 60074.
2. Respondent was a registered salesperson with the State of Illinois through Long Grove Trading Company (now known as Waterstone Financial Group, Inc.) from June 29, 1988 through October 3, 2001. Respondent's CRD number is 703721.
3. On August 25, 1998 an Illinois Investor ("Investor A") delivered to the Respondent a check in the amount of \$22,000.00.
4. On October 3, 1997 an Illinois Investor ("Investor B") delivered to the Respondent a check in the amount of \$20,000.00.
5. In each instance, Respondent directed the check be made payable to the Respondent personally, and stated that he would invest the proceeds in "Krup's Insured Mortgage Fund" for the Investor.
6. *In each instance, Respondent cashed the Investor's check but did not invest the funds for the benefit of the Investor.*
7. In furtherance of the fraud, Respondent produced and delivered to investors periodic updates regarding their purported investments in Krup's Insured Mortgage Fund. The periodic updates were typed on Long Grove Trading Company letterhead.
8. All periodic updates that discussed the Investors purported investment in Krup's Insured Mortgage Fund contained material information that was false or misleading.
9. As of October 3, 2001, the Respondent was no longer employed by Long Grove Trading Company and was not authorized to use Long Grove Trading Company letterhead.
10. Despite this, until July 30, 2003, Respondent continued to send Investors periodic updates using Long Grove Trading Company letterhead regarding the performance of the fund.
11. 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.
12. By virtue of the foregoing, Respondent violated Section 12.F of the Act.

NOTICE OF HEARING

Count II
Obtaining Money through the Sale of
Securities by Means of any Untrue Statement

- 1-10. Paragraphs 1-10 of Count I are realleged and incorporated by reference as paragraphs 1-10 of Count II and are fully set forth herein.
11. 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.
12. By virtue of the foregoing, Respondent violated Section 12.G of the Act.

Count III
Devise Scheme or Artifice to Defraud

- 1-10 Paragraphs 1-10 of Count I are realleged and incorporated by reference as paragraphs 1-10 of Count III and are fully set forth herein.
11. Section 12.I of the Act provides, *inter alia*, that it shall be a violation 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.
12. By virtue of the foregoing, Respondent violated Section 12.I of the Act.

You are further notified that you are required pursuant to Section 1104 of the Rules to file an Answer to the allegations outlined above, a Special Appearance pursuant to Section 1107 of the Rules, or other responsive pleading within thirty (30) days of receipt of this notice. Your failure to do this 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 appear shall constitute default by you.

NOTICE OF HEARING

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

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

Dated: This 14th day of October 2005.



JESSE WHITE
Secretary of State
State of Illinois

Attorney for the Secretary of State
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Hearing Officer:

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