

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

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IN THE MATTER OF: HJM INTERNATIONAL TRADING )  
LTD., ITS OFFICERS AND DIRECTORS, AGENTS, )  
EMPLOYEES, AFFILIATES, SUCCESSORS AND )  
ASSIGNS. )  
\_\_\_\_\_ )

FILE NO. 0201001

ORDER OF PROHIBITION AND FINE

TO RESPONDENTS: HJM International Trading Ltd.  
5415 North Sheridan Road  
Suite 3804  
Chicago, Illinois 60640

Humberto J. Martinez  
5415 North Sheridan Road  
Suite 3804  
Chicago, Illinois 60640

WHEREAS, the above-captioned matter came on to heard on November 19, 2004 and was continued to January 7, 2004 for further hearing, pursuant to an Amended Notice of Hearing dated October 31, 2003 and the record of the matter under the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") has been reviewed by the Secretary of State or his duly authorized representative;

WHEREAS, the rulings of the Hearing Officer on the admission of evidence and all motions are deemed to be proper and are hereby concurred with by the Secretary of State;

WHEREAS, the proposed Findings of Fact and Conclusions of Law and Recommendation of the Hearing Officer, Soula J. Spyropoulos, in the above-captioned matter have been read and examined;

WHEREAS, the Finding of Fact of the Hearing Officer are accepted and are hereby adopted as the Findings of Fact of the Secretary of State as follows:

FINDINGS OF FACT

1. Section 130.1102 of Subpart K of the Rules and Regulations of the Illinois Securities Law of 1953 (the "Rules and Regulations") states that each respondent shall be given a Notice of Hearing at least 45 days before the first date set for any hearing under the Act. Proper notice is given by depositing a Notice of Hearing with the United States Postal Service (the "U.S.P.S"), either by certified or registered mail, return receipt requested, or by the personal service of the Notice of Hearing to the last known address of the respondent.

Section 11.F(1) of the Act provides, in pertinent part, that the Secretary of State shall not undertake any action, prohibit or suspend any person from offering or selling any securities in the State of Illinois, impose a fine for a violation of the Act, or issue an order of public censure against a person for a violation of the Act without first providing the person an opportunity for hearing upon not less than 10 days' notice given by personal service or registered mail or certified mail, return receipt requested, to the person concerned.

Actions arising out of or founded upon the offer or sale of any securities in violation of the Act may be commenced against a person who has executed the consent to service of process by the service of process upon the Secretary of State. The offer, sale, or delivery of securities in the State of Illinois, whether effected by mail or otherwise, by any person shall be equivalent to and shall constitute an appointment of the Secretary of State by the person to be the true and lawful attorney for the person upon whom may be served all lawful process or pleading in any action or proceeding against the person, arising out of the offer or sale of the securities. Service of process or pleadings upon the Secretary of State shall be made by serving a copy upon the Secretary of State or upon any employee in his or her office designated by the Secretary of State to accept such a service for him or her, provided notice of such and a copy of the process are, within ten (10) days thereafter, sent by registered mail or certified mail, return receipt requested, by the plaintiff to the defendant. (Section 10(A), (B) of the Act.)

As per Group Exhibit A, on November 3, 2003, the Department deposited the Notice with the U.S.P.S. by certified mail, return receipt requested, to HJM's and to Martinez's last known address. Thus, the Department gave Respondent the Notice on November 3, 2003. The date the Department gave the Notice is a date occurring more than ten (10) days before the first date set for administrative hearing on the File (November 19, 2004). Hence, the Department's service of the Notice was proper under the Act.

The Department testified that the Notice was deposited with the U.S.P.S. on October 2, 2003 for the certified mailing thereof, return receipt requested, to HJM's and to Martinez's last known address. Hence, the Department gave Respondents the Notice on October 2, 2003, which date is a date occurring more

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than forty-five (45) days before the first date set for hearing. Hence, under not only the Act, but also the Rules and Regulations, the service of the Notice on October 2, 2003 is proper.

The scheduled hearing date of January 7, 2004 may be deemed to be a newly-scheduled first date set for administrative hearing on the File. This being the case, the Department's service of the Notice on either of October 2, 2003 or November 3, 2003 is proper under the Rules and Regulations and the Act, as either date of service is a date occurring well over forty-five (45) days before the hearing date.

Further, the Department gave Respondents more than ten (10) days' notice of the hearing date of January 7, 2004 via their service of the Notice, on November 10, 2004, upon the Secretary of State. Because the allegations of the Notice on the File arise out of Respondent's offer and sale of securities in violation of the Act, Respondents are deemed to have appointed the Secretary of State to be the true and lawful attorney for Respondent upon whom may be served the Notice in the File arising to of the sale of the securities. Because, on November 10, 2003; (1.) the service of the Notice upon the Secretary of State was made by serving a copy thereof upon an employee thereof in their office designated by the Secretary of State to accept such service for same; (2.) notice of the service of the Notice and a copy of the Notice were, on November 10, 2003, the same date of the service (and, hence, clearly within ten [10] days of the service), sent by certified U.S.P.S mail, return receipt requested, by the Secretary of State to Respondents; and (3.) the date of November 10, 2003 is a date occurring more than ten (10) days before the then-scheduled hearing date of January 7, 2004, service of the Notice upon Respondents via the service thereof upon, or the indexing thereof with, the Secretary of State was proper under the Act.

Therefore, Respondents were properly notified of their opportunity to be heard on the File via the Department's timely provision thereto of the Notice. Because the Department gave Respondents proper notice of the first date set for hearing, the Department has personal jurisdiction over Respondents.

Further, at the first date set for hearing on the File on November 19, 2003, Respondents admitted that they were given the notice per the requirements of the Act and the Rules and Regulations, and that, therefore, the Department had established personal jurisdiction over Respondents.

2. The Department offered exhibits, identified above, each of which was received and admitted into evidence, and the Department offered the testimony of their complaining witness Wayne Douglas, which testimony was heard into evidence, a proper record of all proceedings having been made and preserved as required.
3. As of the date hereof, no outstanding petitions, motions, or objections exist as to the File or the proceeding.

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4. At all material and relevant times, neither of Respondents was registered with the Secretary of State as a salesperson or dealer of securities pursuant to Section 8 of the Act.
  - a. HJM maintains a business address at Suite 3804 at the real estate commonly known or described as 5415 North Sheridan Road, Chicago, Illinois (60640).
  - b. Martinez is the sole officer, director, and shareholder of HJM, maintaining a residence at the real estate commonly known or described as Suite 3804 at 5415 North Sheridan Road, Chicago, Illinois (60640).
  - c. On or about November 12, 2001, or thereabouts, Martinez as the representative of HJM approached an Illinois resident (Investor) and pursued a relationship with him for the purpose of selling the Investor a promissory note at the price or amount of \$5,000.00 (Five Thousand & 00/100 Dollars) (the "Offering").
  - d. Martinez told the Investor that he [Martinez] would "partner" with the Investor and match the Investor's funds with a like amount of his own funds in order to purchase toys made in Mexico to resell in Mexico.
  - e. Subsequent to the foregoing solicitation, the Investor purchased the Offering with the expectation that he would receive a return of the amount of \$7,000.00 (Seven Thousand & 00/100 Dollars) on his investment.
  - f. Martinez in mid December 2001 advised the Investor that the investment was successful and that he had to wait until after the New Year for his money because of tax reasons.
  - g. After the Investor requested his money on several occasions, Martinez suggested that the Investor roll over the amount of \$7,000.00 along with an additional amount of \$9,875.00 (Nine Thousand Eight Hundred Seventy-five & 00/100 Dollars) toward a cigarette investment in which Martinez would partner with him with a like sum. Martinez guaranteed a return of the amount of \$16,875.00 (Sixteen Thousand Eight Hundred Seventy-five & 00/100 Dollars). As an assurance Martinez gave the Investor a post-dated HJM company check in the amount of \$16,875.00.
  - h. From February 2002 through May 2002, Martinez told the Investor that he was having a difficult time collecting any money from the business contacts in Mexico. On May 30, 2002, the Investor deposited the HJM company "assurance" check into his account, however, it was returned as payment as stopped on behalf of the payor.

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- i. Respondents failed to file with Secretary of State an application for registration of the securities described above as required by the Act. The securities were not registered.

### CONCLUSIONS OF LAW

1. The Secretary of State has jurisdiction over the subject matter hereof pursuant to the Act.
2. A note, certificate of interest, investment contract, or participation in any profit-sharing agreement, investment contract, or, in general, any interest or instrument commonly known as a "security" is a security under the Act. [815 ILCS 5/2.1]

"Sale or sell" includes every contract of sale or disposition of a security or interest in a security for value. Any security given with or as a bonus on account of any purchase of securities or property shall be conclusively presumed to constitute a part of the subject of such purchase and shall be deemed to have been sold. [815 ILCS 5/2.5]

"Offer" includes every offer to sell or otherwise dispose of, or solicitation of an offer to purchase, whether orally or by means of publication, including but not limited to printed and electronic media, a security or interest in a security for value. [815 ILCS 5/2.5a]

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 either by coordination or by qualification before their offer or sale in the State of Illinois.

It is a violation of the provisions of the Act for any person to offer or sell any security except in accordance with the provisions of the Act. (815 ILCS 5/12.A)

It is 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 required to be filed under the provisions of the Act or any rule or regulation made by the Secretary of State pursuant to the Act. (815 ILCS 5/12.D)

In the transaction that involved Mr. Douglas's payment in the amount of \$5,000.00 to HJM for an interest matching HJM's in the business of making and selling toys in Mexico, HJM offered and sold Mr. Douglas a certificate of interest or participated in a profit-sharing agreement or investment contract with Mr. Douglas. This being the case, Mr. Douglas was offered and sold a security under Sections 2.1, 2.5 and 2.5a of the Act.

In the transaction involving the cigarette investment, Martinez and HJM, each individually and doing business as "HJM International Trading Ltd.," again offered and sold Mr. Douglas a certificate of interest or participated in a profit-

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sharing agreement or investment contract with Mr. Douglas. Hence, HJM and Martinez offered and sold Mr. Douglas a security under Sections 2.1, 2.5, and 2.5a of the Act.

Respondents failed to file with the Secretary of State an application for registration of the securities involved in the File as required by the Act. Therefore, the securities were not registered pursuant to Section 5 of the Act before their offer in the State of Illinois.

By virtue of the foregoing, Respondents have violated Sections 12.A and 12.D of the Act.

Under and by virtue of the foregoing, the Secretary of State is vested with sufficient grounds and authority to enter a permanent Order of Prohibition against Martinez, HJM, and HJM's partners, officers, directors, agents, employees, affiliates, successors, and assigns; and to enter a further order granting such other relief as the Act authorizes, including, but not limited to, censuring Respondents and imposing a monetary fine against Respondents in the maximum amount of Ten Thousand Dollars (\$10,000.00) per violation of the Act, the amount(s) being payable within ten (10) business days of the entry of the same order.

WHEREAS, the Recommendation of the Hearing Officer that Respondents HJM International Trading Ltd. and Humberto J. Martinez be permanently prohibited from offering or selling any securities in the State of Illinois, is hereby accepted; and the recommendation of the Hearing Officer that said Respondent's each be fined Ten Thousand dollars (\$10,000.00) per violation, is hereby accepted with respect to violations of Section 12.D.

NOW THEREFORE IT IS HEREBY ORDERED that, pursuant to the foregoing Findings of Fact and Conclusions of Law, and the Recommendations of the Hearing Officer, and pursuant to the authority provided under Section 11.E(2) of the Act:


1. Respondent Humberto J. Martinez shall be and is hereby permanently PROHIBITED from offering or selling any securities in the State of Illinois.
2. Respondent HJM International Trading Ltd. shall be and is hereby permanently PROHIBITED from offering or selling any securities in the State of Illinois.
3. Respondents HJM International Trading Ltd. and Humberto J. Martinez shall be and are each fined Ten Thousand dollars (\$10,000.00) for violations of the Act, for a total sum of Twenty Thousand Dollars (\$20,000.00), payable jointly and severably.

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4. This matter is concluded without further proceedings.

ENTERED: This 25<sup>th</sup> day of August, 2004.



JESSE WHITE  
Secretary of State  
State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12.D of the Illinois Securities Law of 1953 [815 ILCS 5] (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 this Order, shall be guilty of a Class 4 felony.

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