

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

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IN THE MATTER OF: Lloyd Walter Linton,  
AKA L. W. Linton

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)  
) FILE NO.: 1200240  
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CONSENT ORDER  
OF PROHIBITION

TO THE RESPONDENT

Lloyd Walter Linton  
697 E 1800 North Road  
Edinburg, Illinois 62531

WHEREAS, Respondent Lloyd Walter Linton, on December 13, 2013 executed a certain Stipulation to entry of the Consent Order (the "Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, Respondent has admitted to the jurisdiction of the Secretary of State and service of the Notice of Hearing in this matter and Respondent has consented to the entry of this Consent Order.

WHEREAS, the Secretary of State, by and through his designated representative, the Securities Director, has determined that the matter related to the aforesaid formal hearing may be dismissed without further proceeding

WHEREAS, Respondent has acknowledged that the allegations contained in paragraph seven (7) of the Stipulation shall be adopted as the Secretary of State's Findings of Fact as follows:

1. Respondent Linton acknowledges, while neither admitting nor denying the truth thereof, that the following allegations shall be adopted as the Secretary of State's Findings of Fact:

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**Acknowledges as to Count I – Fraud in the Offer and Sale of Securities:**

- a. That Respondent, Lloyd Walter Linton, is a natural person whose last known address is 697 E 1800 North Road, Edinburg, Illinois 62531;
- b. At all relevant times, Investor PH was a resident of the State of Illinois;
- c. That in or about Spring of 2010, Respondent Linton offered and sold to Investor PH an investment opportunity for a total investment of \$20,000. Respondent Linton had Investor PH write 3 checks: a \$10,000 check payable to AL (Respondent's Daughter); and two \$5,000 checks payable to JB;
- d. Respondent Linton represented to Investor PH that the investment proceeds would be used to develop an assisted living facility in Des Moines, Iowa, and that Investor PH would receive a total of \$24,000 in return for her \$20,000 investment, in which Investor PH was to receive \$2,000 monthly starting December 2011 and for the next consecutive 12 months;
- e. That in furtherance of the fraud, in or around January 2011, Respondent Linton issued a Promissory Note reflecting the monies invested by Investor PH, which provided that 12 monthly payments of \$2,000 would be paid to Investor PH beginning January 2011 and ending December 2011. In exchange for the Promissory Note, Investor PH withheld any further action to recover her investment,
- f. That in or around December 2011, Respondent Linton informed Investor PH that problems had arisen with owners of the properties and the project was still going through, but that payments would be delayed.
- g. That despite Respondent Linton's representations to Investor PH that the funds would be used to develop an assisted living facility, Respondent Linton actually used Investor PH's proceeds to satisfy pre-existing debts Respondent Linton owed to AL and JB;
- h. That at the time of issuing the Promissory Note, Respondent Linton omitted to inform Investor PH that the proceeds were never invested in the assisted living facility. Additionally, Respondent Linton omitted to inform Investor PH that the proceeds were used to satisfy pre-existing personal debts of Respondent Linton;

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- i. That the above-referenced investment activities constitute the issuance of a note, and therefore, an offer and sale of a security, as those terms are defined pursuant to Sections 2.1, 2.5, and 2.5a of the Illinois Securities Law of 1953 [815 ILCS 5/1 et seq ] (the "Act");
- j. Section 12.A of the Act provides, *inter alia*, that it shall be a violation for any person to offer or sell any security except in accordance with the provisions of the Act,
- k. Section 12.F of the Act provides that it shall be a violation of the provisions of this 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,
- l. Section 12.G of the Act states that it shall be a violation of the provisions of this 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,
- m. Section 12.I of the Act provides that it shall be a violation of the provisions of this 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.
- n. By virtue of the foregoing, Respondent violated Sections 12.A, 12.F, 12.G, and 12.I of the Act;

**Acknowledges as to Count II – Failure to Register Securities:**

- o. That Section 5 of the Act provides, inter alia, that 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 with the Secretary of State prior...to their offer or sale” in the State of Illinois;
- p. That at all times relevant hereto, Respondent 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 securities were not registered pursuant to Section 5 of the Act prior to their offer in the State of Illinois;

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- q. 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;”
- r. That Section 12.D of the Act provides, inter alia, that it shall be a violation of the Act for any person “to fail to file with the Secretary of State any document or application 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,”
- s. That by virtue of the foregoing, Respondent Linton has violated Section 12.A and 12.D of the Act,
- t. That Section 11 E 2 of the Act provides, inter alia, that the Secretary of State may temporarily or permanently suspend or prohibit the offer or sale of securities in this State by any person if the Secretary of State finds that the person has violated a subsection of subsections C-K of Section 12 of the Act;
- u. That Section 11.E.3 of the Act provides, inter alia, that if the Secretary of State finds that any person is engaged or has engaged in the business of selling or offering for sale securities as a dealer or salesperson without prior thereto and at the time thereof having complied with the registration requirements of the Act, the Secretary of State may by written order prohibit such person from engaging in the business of selling or offering for sale securities in this State;
- v. 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 for each violation of the Act,

WHEREAS, Respondent has acknowledged that the allegations contained in paragraph eight (8) of the Stipulation shall be adopted as the Secretary of State's Conclusions of Law as follows:

- a. That by virtue of the foregoing, Respondent Lloyd Walter Linton has violated Sections 12.A, 12.D, 12.F, 12.G, and 12 I of the Act,
- b. That by virtue of the foregoing, Respondent Linton is subject to an order which permanently prohibits Respondent from offering or selling securities in the State of Illinois, and

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- c. That by virtue of the foregoing, Respondent Linton is subject to an order which, pursuant to Section 11.E 4 of the Act, imposes a fine of up to \$10,000 per violation of the Act

NOW THEREFORE IT IS HEREBY ORDERED THAT

- 1 The allegations contained in paragraphs seven (7) and eight (8) of the Stipulation shall be and are hereby adopted as the Secretary of State's Findings of Fact and Conclusions of Law,
2. Respondent shall be permanently prohibited from offering and selling securities in the State of Illinois; and
- 3 The formal hearing scheduled on this matter is hereby dismissed without further proceeding.

ENTERED: This 13<sup>th</sup> day of December, 2013



JESSE WHITE  
Secretary of State

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