

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

**IN THE MATTER OF:
ANDREW S. KANG, and
SANG HO KANG, and
ROSTYSLAW KAWCHAK, and
E.C.O. HOLDINGS CORP. and
ECO ACQUISITIONS, LLC. and
their partners, officers and directors, members,
managers, agents, employees, successors and assigns,
and affiliates**

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NOTICE OF HEARING

TO RESPONDENTS:

Andrew S. Kang
905 W. 175th Street
Homewood, Illinois 60430
And/or
20 Terra Vita Court
South Barrington, Illinois 60010
And/or
229 Birch Lane
St. Charles, Illinois 60175

Sang Ho Kang
2221 Pennview Lane
Schaumburg, Illinois 60194
And/or
310 Buckingham Circle, Apt A
Elgin, Illinois 60120

Rostyslaw Kawchak
1811 North 73rd Avenue
Elmwood Park, Illinois 60707

E.C.O. Holdings, Corp.
30 South Wacker Drive
Chicago, Illinois 60606

Notice of Hearing

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E.C.O. Holdings, Corp
30 South Wacker Drive
Chicago, Illinois 60606

ECO Acquisitions, LLC.
30 South Wacker Drive
Chicago, Illinois 60606

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") and 14 Ill. Adm. Code 130, subpart K, a public hearing will be held at 69 West Washington Street, Suite 1220, Chicago, Illinois 60602, on the 23rd day of April, 2014 at the hour of 10:00 a.m. or as soon thereafter as possible before James L. Kopecky, Esq. or such other designated Hearing Officer as the Secretary of State may appoint. Said hearing will be held to determine whether a permanent Order shall be entered prohibiting Respondents Andrew S. Kang, Sang Ho Kang, Rostyslaw Kawchak, and E.C.O. Holdings, Corp. and ECO Acquisitions, LLC, and their partners, officers and directors, members, agents and employees, managers, affiliates, successors and assigns from offering or selling securities in or from the State of Illinois and/or granting such other relief as may be authorized under the Act, including but not limited to, the imposition of a monetary fine in the maximum amount pursuant to Sec 11 E(4) of the Act, payable within ten (10) days of the Order

The grounds for such proposed action are as follows:

1. Andrew S Kang (hereinafter at times "A. Kang" or together with Sang Ho Kang, Rostyslaw Kawchak, E.C.O. Holdings, Corp. and ECO Acquisitions, LLC "Respondents") has a last known address of 905 West 175th Street, Homewood, Illinois 60430, and/or 20 Terra Vita Court, South Barrington, Illinois 60010, and/or 226 Birch Lane, St Charles, Illinois 60175.
2. Sang Ho Kang (hereinafter at times S. Kang, or together with Rostyslaw Kawchak, E.C.O. Holdings, Corp. and ECO Acquisitions, LLC "Respondents") has a last known address of 2221 Pennview Lane, Schaumburg, Illinois 60194, and/or 310 Buckingham Circle, Apt A, Elgin, Illinois.
3. Rostyslaw Kawchak (hereinafter at times "Kawchak" or together with A. Kang, S. Kang, E.C.O. Holdings, Corp. and ECO Acquisitions, LLC "Respondents") has a last known address of 1811 N 83rd Avenue, Elmwood Park, Illinois 60707
4. E.C.O. Holdings Corp. (hereinafter at times "ECO Holdings" or together with A. Kang, S. Kang, Kawchak, and ECO Acquisitions, LLC "Respondents") was, at all relevant times herein, an Illinois corporation (now dissolved) with a last known address of 30 South Wacker Drive, Chicago, Illinois 60606.

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- 5 ECO Acquisitions, LLC (hereinafter at times "ECO Acquisitions" or together with A. Kang, S Kang, Kawchak, and ECO Holdings "Respondents") was, at all relevant times herein, an Illinois limited liability company (now dissolved) which was fully owned by ECO Holdings and has a last known address of 30 South Wacker Drive, Chicago, Illinois 60606.
- 6 Respondent Kang, at all relevant times herein, was a controlling officer in ECO Holdings, ECO Acquisitions and other entities associated with, and owned by, ECO Holdings.
7. Respondent Kawchak, at all relevant times herein, was a controlling officer in ECO Holdings, ECO Acquisitions and other entities associated with, and owned by, ECO Holdings.
8. Respondent Sang Ho Kang, at all relevant times herein, was the president of ECO Holdings.
- 9 Between August and September, 2011 Respondents raised and/or solicited money from at least one Illinois resident ("Investor") and his company, by telling the investor that the Respondents would use all of the Investor's \$624,000 in the enterprise of purchasing, rehabilitating, leasing, and reselling real estate for profit ("Enterprise"), and would enter into investment contracts with the investor promising him a share of the profits of the Enterprise.
10. The Enterprise was to involve the creation of nine (9) Illinois limited liability companies ("LLCs") each of which would become the owner of a parcel of improved real estate to be rehabilitated, and leased and/or sold for a profit.
- 11 Each of the LLCs was controlled by a separate, written operating agreement, and each was executed by Respondent Kang and the Investor
12. Each agreement set a specific date by which Investor would receive either: a) a pre-determined cash distribution from the LLC if the real estate had been sold on or before that date, or b) a 100% membership interest in the LLC if Respondents had not sold the real estate by that date – thereby giving Investor complete ownership of the improved real estate whether rehabilitated or not
13. The agreements further provided that, in the event Investor became the 100% owner of a particular LLC, or real estate parcel, Investor would be entitled to at least \$2,500 per month in rental payments from tenants
14. Between August and September, 2011 Investor paid Respondents approximately \$624,000 which was to be placed into escrow, and used for the exclusive business purposes set forth in the Enterprise agreement.

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15. In consideration for the investment, Investor was to receive the following three payments:
 - 1) \$240,000 on October 6, 2011, and
 - 2) \$320,000 on November 3, 2011, and
 - 3) \$176,000 on December 23, 2011.
16. Section 2.1 of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") defines "securities" to include, *inter alia*, "participating in any profit sharing agreement", and "investment contracts".
17. The activities described in paragraphs 9-14 above constitute the offer and sale of an investment contract or profit sharing agreement, and therefore a security as those terms are defined in Sections 2 1, 2 5, and 2 5a of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act").

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18. Respondents made a single payment of \$80,000 to Investor on October 7, 2011, and failed to make any payments thereafter resulting in a loss to Investor in the amount of \$544,000
19. Respondents failed to provide the cash distribution from the sale of the real estate
20. Respondents failed to cause the alternative transfer of ownership from any of the LLCs to Investor.
21. Respondent failed to use all of the Investor's \$624,000 in the enterprise of purchasing, rehabilitating, leasing, and reselling real estate for profit ("Enterprise").
22. Respondents failed to inform Investor of the risk involved that he would lose the majority of his investment
23. Respondents, instead of making the payments as promised, converted the principal received from the Investor to Respondents' own use and benefit.
24. Respondents, at the time of the agreement, failed and refused to notify the Investor that the principal would be converted to their own benefit rather than used for the promised real estate Enterprise.

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25. 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.
26. 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"
27. 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 the light of the circumstances under which they were made, not misleading
28. 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"
29. By virtue of the foregoing, Respondents violated Sections 12 A, 12.F, 12.G and 12.I of the Act.

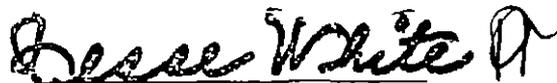
You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 Ill Adm. Code 130) (the "Rules"), to file an answer to the allegations outlined above within thirty (30) days of the receipt of this notice. A failure to file an answer within the prescribed time shall be construed as an admission of the allegations contained in the Notice of 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, unless any Respondent has upon due notice moved for and obtained a continuance.

The Rules promulgated under the Act and pertaining to Hearings held by the Office of the Secretary of State, Securities Department may be viewed online at <http://www.cyberdriveillinois.com/departments/securities/lawrules.html>.

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

Dated: This 27th day of February, 2014



JESSE WHITE
Secretary of State
State of Illinois

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Attorney for the Secretary of State:

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