

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: BRIAN KNIGHT)
UNITED PRIVATE CAPITAL, Inc.)
THEIR OFFICERS, DIRECTORS,) File No. 0900325
EMPLOYEES, AFFILIATES, SUCCESSORS,)
AGENTS AND ASSIGNS)

NOTICE OF HEARING

TO THE RESPONDENTS: Brian Knight
United Private Capital, Inc.
9 Crystal Lake Road, Suite 250
Lake in the Hills, IL 60156

c/o Michael Loprieno
319 Dee, Suite C
Bloomingdale, IL 60108

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 17th day of September, 2014 at the hour of 10:00 a.m., or as soon thereafter as counsel may be heard, before Jon K. 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 of Prohibition should be entered against (the "Respondents") in the State of Illinois and granting such other relief as may be authorized under the Act including but not limited to imposition

Notice of Hearing

-2-

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:

1. Respondent Brian Knight ("Knight") is an Illinois resident and President of United Private Capital Inc.
2. United Private Capital, Inc. is an Illinois registered corporation incorporated in October 2008 with a business address of 9 Crystal Lake Rd, Suite 250 Lake in the Hills, Illinois 60156.
3. From approximately October 2008 through September 2009, United Private Capital, Inc and Brian Knight sold to approximately 33 Illinois investors, securities titled 'Corporate Guaranty' raising approximately \$1,290,000.
4. The Corporate Guaranty states that in return for a specified investment from the Payee, United Private Capital, Inc. guarantees to provide the Payee a return on investment of a minimum 20% of the original investment at the conclusion of a one year period.
5. The Corporate Guaranty included other terms as set forth in the document.
6. The Corporate Guaranty stated that the investment was into the United Private Capital, Inc Foreign Exchange Trading program. The Corporate Guaranty further included an additional pay out formula that was based upon the financial performance of the Maize Fund.
7. The Maize Fund was a purported Foreign Exchange Fund which is currently defunct.
8. The principal of the Maize Fund was Scott Ross
9. United Private Capital, Inc. invested in the Maize Fund as its sole Foreign Exchange trading activity.

Notice of Hearing

-3-

10. In February 2009, the SEC filed a complaint against Ross and placed the Maize Fund and other entities operated by Ross in receivership. As part of the complaint the SEC alleged that the Maize Fund was a Ponzi scheme.
11. The court appointed a Receiver who sent a letter dated February 11, 2009 advising all investors in the Maize Fund, including Brian Knight and United Private Capital, Inc., that a complaint had been filed, the assets frozen and a receiver appointed.
12. The February 11, 2009 letter from the Receiver advised investors that there had been substantial losses in the Maize Fund.
13. Despite being provided notice and additional communications from the Receiver regarding the defunct status of the Maize Fund and that there were substantial losses in Maize Fund, Brian Knight and United Private Capital, Inc. sent investor newsletters touting the success of the United Private Capital Inc. Fund from March 2009 through October 2009.
14. In March 2009 a newsletter to investors reported a United Private Capital Inc. Fund performance of 8.41% and an October 2009 newsletter reported Fund performance of 13.72% despite the fact that United Private Capital Inc. was 53% invested in the Maize Fund which was placed in receivership with substantial losses.
15. Additionally, none of the above newsletters notified or mentioned to investors that the Maize Fund was in receivership with substantial losses.
16. Between April 2009 and May 19, 2010, Brian Knight through an affiliated entity, Strategic Lending Solutions, Inc. transferred certain purported real estate properties to United Private Capital, Inc.

Notice of Hearing

-4-

purportedly due to the fact that the Maize Fund had been placed in receivership.

17. The real estate properties are illiquid and their purported values are based upon appraisals paid for by Brian Knight and/or an affiliated entity of United Private Capital, Inc.
18. Sometime between 2010 and 2011, the Receiver, as part of the Maize Fund distribution, disbursed to United Private Capital, Inc \$122,806.49 representing an 82% loss of the funds invested by United Private Capital, Inc. in the Maize Fund.
19. Beginning approximately 2010 and continuing to the date of this Notice of Hearing, the Respondents have received numerous demands for termination of the Corporate Guaranty and repayment of principal and interest.
20. Some investors have been repaid but others have not been repaid, despite their demands.
21. One investor who invested \$13,994.93 each in two separate accounts received a statement from the Respondents dated March 15, 2013 stating that the accounts were valued at \$35,092.02 each.
22. Despite the above investor demands to liquidate the accounts, the Respondents refused to do so.
23. Additionally, this same investor received an email communication with the above-referenced statements, that stated that the accounts earned \$15.90 per day and would be valued on May 1, 2013 at \$34,823.90 each and would earn per day \$19.08 after May 1, 2013.
24. The above-referenced Corporate Guaranties 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").

Notice of Hearing

-5-

25. Section 12.F of the Act provide, inter alia, that it shall be a violation of the Act for any person to engage in nay 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.
26. 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 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.
27. Section 12.H of the Act provides, inter alia, that it shall be a violation of the Act for any person to sign or circulate any statement, prospectus or other paper or document required by any provision of the Act or pertaining to any security knowing or having reasonable grounds to know any material representation therein contained to be false or untrue.
28. Section 12.I of the Act provide, 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. That by virtue of the foregoing, Brian Knight, United Private Capital, Inc. their Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns have violated Sections 12.E 12.F, 12.G, 12.H and 12.I of the Act.
30. That Section 11.E(2) of the Act provides, inter alia, that if the Secretary of State shall find that any person has violated any subsection of subsections B-K of Section 12 of the Act, the Secretary of State may by written order prohibit the person from offering or selling any securities in this State.

Notice of Hearing

-6-

31. 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 an order of censure and/or a fine as provided by rule, regulation or order not to exceed \$10,000.00 for each violation of the Act.
32. That by virtue of the foregoing, the Respondents, Brian Knight, United Private Capital, Inc. and their Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns are subject to a fine of up to \$10,000.00 per violation, an order of censure and an order which permanently prohibits the Respondents from offering or selling securities in the State of Illinois.

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 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.

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

Dated this 16th day of June, 2014.

Jesse White

Jesse White
Secretary of State
State of Illinois

[Handwritten initials]

Notice of Hearing

-7-

Attorney for the Secretary of State:
David Finnigan
Illinois Securities Department
300 W. Jefferson St. Suite 300a
Springfield, Illinois 62702
Telephone: (217) 785-4947

Hearing Officer:
Jon K. Ellis
1035 S. 2nd St.
Springfield, Illinois 62704
217-528-6835
Fax 217-528-6837