

**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.**

**NO. 1200094**

**ORDER OF PROHIBITION AND FINE**

**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 73<sup>rd</sup> Avenue  
Elmwood Park, Illinois 60707

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

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

**WHEREAS**, the above-captioned matter came on to be heard on May 22, 2014 pursuant to Notice of Hearing dated February 27, 2014 and served on Respondents through the Secretary of State Index Department after certified mail efforts were unsuccessful, 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, Conclusions of Law and Recommendations of the Hearing Officer, James Kopecky, Esq., in the above-captioned matter have been read and examined.

**WHEREAS**, the following proposed Findings of Fact of the Hearing Officer are correct, and are hereby adopted as Findings of Fact of the Secretary of State:

**Proposed Findings of Fact**

Based on the evidence presented, the Hearing Officer finds that:

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 Terra Vita Court, South Barrington, Illinois, 60010 and/or 226 Birch Lane, St. Charles, Illinois 60175.
2. Sang Ho Kang (hereinafter "S. Kang" at times, 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. 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 by purchasing, rehabilitating, leasing, and reselling real estate for profit 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 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 in escrow, and used for the exclusive business purposes set forth in Enterprise agreement.

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15. In consideration for the investment, Investor was to receive the following three payments:
  - a. \$240,000 on October 6, 2011, and
  - b. \$320,000 on November 3, 2011, and
  - c. \$176,000 on December 23, 2011.
16. 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.
17. Respondents failed to provide the cash distribution from the sale of the real estate.
18. Respondents failed to cause the alternative transfer of ownership from any of the LLCs to Investor.
19. Respondents failed to use all of the Investor's \$624,000 in the enterprise of purchasing, rehabilitating, leasing, and reselling real estate for profit.
20. Respondents failed to inform Investor of the risk involved that he would lose the majority of his investment.
21. Respondents, instead of making the payments as promised, converted the principal received from the Investor to Respondents' own use and benefit.
22. 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.

**Proposed Conclusions of Law**

Based on the evidence presented and an application of the law to the findings of fact, the Hearing Officer concludes:

23. The Department properly served the Notice of Hearing on Respondents.
24. The Notice of Hearing included the information required under Section 1102 of the Code.
25. The Secretary of State has jurisdiction over the subject matter pursuant to the Act.

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26. Because of Respondents' failure to file a timely answer, make a special appearance or other responsive pleading in accordance with Section 1104:
  - a. the allegations contained in the Notice of Hearing are deemed admitted;
  - b. Respondents waived their right to a hearing;
  - c. Respondents are subject to an Order of Default.
  
27. Because the Respondents failed to appear at the time and place set for hearing, in accordance with Section 1109, they:
  - a. waived their right to present evidence, argue, object or cross-examine witnesses; or
  - b. otherwise participate at the hearing.
  
28. Section 2.1 of the Act defines "securities" to include, *inter alia*, "participating in any profit sharing agreement," and "investment contracts."
  
29. The activities described above constitute the offer and sale of investment contracts and are therefore securities as those terms defined in Sections 2.1, 2.5, and 2.5a of the Illinois Securities Laws of 1953 [815 ILCS 5] (The "Act").
  
30. 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.
  
31. 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 purchase or sale of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof."
  
32. 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.

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33. 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."
34. By virtue of the foregoing, Respondents violated Sections 12.A, 12.F, 12.G, and 12.I of the Act.

**Recommendations as To Disposition**

The Hearing Officer recommends that:

35. An Order of Default be entered against each Respondent and the facts alleged in the Notice of Hearing be deemed admitted.
36. An Order be entered against each Respondent in the form of a permanent order of prohibition against each of the Respondents.
37. An Order be entered against each Respondent imposing a fine of \$10,000 total against each of the Respondents individually.

**NOW THEREFORE IT IS HEREBY ORDERED THAT:**

38. An Order of Default is entered against Respondents Andrew S. Kang, Sang Ho Kang, Rostyslaw Kawchak, E.C.O. Holdings, Corp., and ECO Acquisitions, LLC;
39. Respondents Andrew S. Kang, Sang Ho Kang, Rostyslaw Kawchak, E.C.O. Holdings, Corp., and ECO Acquisitions, LLC. and their partners, officers and directors, members, managers, agents, employees, successors and assigns, are hereby **PROHIBITED** from selling or offering for sale securities in the State of Illinois;
40. Respondents Andrew S. Kang, Sang Ho Kang, Rostyslaw Kawchak, E.C.O. Holdings, Corp, and ECO Acquisitions, LLC, are each individually fined in the amount of \$10,000.

**NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12.D of the Act. Any person or entity that 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 for each offense.**

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**This is a final order subject 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. 1 Sec. 130.1123). Any action for judicial review must be commenced within thirty-five (35) days from the date a copy of this Order is served upon the party seeking review.**

ENTERED this 13<sup>th</sup> day of August 2014.

A handwritten signature in black ink that reads "Jesse White" followed by a stylized monogram "J.W." to the right.

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State of Illinois

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