

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

---

<b>IN THE MATTER OF:</b>	)	
<b>RICHARD F.BESTON</b> , an individual;	)	
<b>JOHN W. BRANCH</b> , an individual;	)	
<b>BRIAN PEBLEY</b> , an individual;	)	
<b>TEN X HOLDINGS, LLC</b> , its managers,	)	<b>File No. 1300406</b>
officers, affiliates, subsidiaries, representatives,	)	
successors, and assigns, and;	)	
<b>RAINMAKER SECURITIES, LLC</b> its managers,	)	
officers, affiliates, subsidiaries, representatives,	)	
successors, and assigns.	)	

---

**NOTICE OF HEARING**

**TO THE RESPONDENTS:**

**Richard F. Beston (CRD # 2100174)**  
3927 Bluejay Lane  
Naperville, IL 60564

**John W. Branch (CRD # 4891185)**  
1461 Kevin Avenue  
Redlands, CA 92373

**Brian Pebley (CRD # 4169366)**  
3138 Ashton Avenue  
Greeley, CO 80634

**Ten X Holdings, LLC**  
3927 Bluejay Lane  
Naperville, IL 60564

**Rainmaker Securities, LLC**  
(CRD # 132995)  
Attn: Glen Anderson  
500 N. Michigan Ave. Suite 600  
Chicago, IL 60611

**Ten X Holdings, LLC**  
**Rainmaker Securities, LLC**  
In care of:  
**Ronald Duplack**  
55 W. Monroe St. Suite 3390  
Chicago, IL 60603

You are hereby notified that pursuant to Section 11.E of the Illinois Securities law of 1953 [815 ILCS 5/1 et. Seq.] (The "Act") and Ill. Adim. Code 130, Subpart K, a public hearing will be held at 69 W. Washington Street, Suite 1220, Chicago, Illinois 60602, on the 13th day of January, 2015, at the hour of 10:00 AM, or as soon as possible thereafter, before George Berbas or such duly designated Hearing Officer of the Secretary of State.

Said Hearing will be held to determine whether an Order shall be entered pursuant to Section 11.E of the Act prohibiting Respondents from selling or offering for sale securities in the State of Illinois and/or granting such other relief as may be authorized under the Act including but not limited to imposition of a monetary fine in the maximum amount pursuant to 11.E(4) of the Act, payable within ten (10) business days of the order.

### **FACTS COMMON TO ALL COUNTS**

The grounds for such proposed actions are as follows:

1. Ten X Holdings, LLC ("Ten X") is an Illinois limited liability company which was established in May of 2004, and was established as a consulting and business holdings entity. Ten X currently was involuntarily dissolved on 11/08/2013, with the State of Illinois.
2. At all relevant times, Respondent Rainmaker Securities, LLC ("RMS") was registered with the Secretary of State as a Broker-dealer in the State of Illinois Pursuant to Section 8 of the Act.
3. At all relevant times, Respondent Richard F. Beston ("Beston") an Illinois resident was listed as President of Respondent Ten X and was registered as a direct/indirect owner of RMS.
4. At all relevant times, Respondent John W. Branch ("Branch") a California resident was listed as the Vice President and General Counsel of Respondent Ten X.
5. At all relevant times, Respondent Brian Pebley ("Pebley") a Colorado resident was an associated person of Respondent RMS and an employee of a firm which Respondent Ten X was in negotiations to purchase.
6. On a Ten X confidential disclosure statement dated January 15, 2010, Respondents state that Ten X was formed to acquire and develop various businesses operating in the financial services industry for the purpose of contributing and thereafter operating such businesses in one or more public companies. The disclosure statement also provides that RMS was founded in 2005 by Ten X founders as a securities broker-dealer, and that the membership interests of RMS were transferred to Ten X in the first quarter of 2008.
7. On information and belief, there were a total of seven (7) investors who invested in Respondent Ten X.

8. In a letter dated December 23, 2013, Glen Anderson, the current President of RMS, stated: "With respect to the specific offering which you referred to in our discussion, based on a subsequent discussion with one of the principals of Ten X (Respondent Beston), that offering was a self-issuance by Ten X and was not represented by any Placement Agent, Rainmaker or otherwise."
9. Respondents list another part of the Company in the disclosure statement referenced above as Ten X Capital Partners III, LLC ("TXCP"). TXCP is a defined-purpose private equity fund investing in real estate and telecommunications assets. In June 2007, the telecommunications assets were sold. The remaining real estate asset was a data center building located one mile from the heart of Chicago.
10. TXCP was an Illinois limited liability company which was established in January 2001 and was revoked in July 2012.
11. On June 30, 2011, TXCP filed for Chapter 11 Bankruptcy. In the Bankruptcy documents, TXCP list the value of the property at \$10,000,000. There were secured claims against the property in the amount of \$6,935,691.38 representing liens by the lending bank and the County of Cook for unpaid property taxes. There was also \$60,695 of unsecured claims against TXCP. The Bankruptcy also lists Personal Property of TXCP as Accounts Receivable from Ten X Holdings, LLC in the amount \$488,326.24.
12. On information and belief, Pi Data Holdings, LLC, a Pennsylvania-based venture backed by private investors, paid \$10,000,000 for the property located at 601 W. Polk St. Chicago, IL allowing TXCP to pay off its creditors and drop the Chapter 11 Bankruptcy, which was dismissed on September 29, 2011.
13. Since the sale and dismissal of the Bankruptcy case, four of the seven known investors were paid in full their initial investment.

## COUNT I

### FAILURE TO DISCLOSE

14. Sometime in March 2010, Investor A invested the sum of \$165,000 in Ten X. Investor A is not an accredited investor.
15. Between December 2009 and March 2010, six other known investors invested in Ten X.
16. The offer and sale of the investment in Ten X constitutes the offer and sale of 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 5/1 *et. seq.*] (the "Act").

17. Investor A was sold the investment by Respondent Pebley. At the time of the investment, Respondent Pebley was a registered agent of Respondent RMS. Records indicate that Respondent Pebley was associated with Respondent RMS from 1/25/2010 to 7/30/2010.
18. During the course of the Department's investigation, it was discovered that during this time period Respondent Pebley sold investments in Ten X to at least two other investors.
19. Investor A received interest payments beginning in 12/2010 and ending in 4/2012. Since this time, Investor A has not received either interest payments or repayment of her initial investment.
20. Depositions of Respondents Beston and Branch were taken by the Department in July 2014. Respondents both indicated that Respondent Pebley was an employee of a futures trading firm which Respondent Ten X, by and through its principals Respondents Beston and Branch, were in the process of purchasing.
21. Respondents Beston and Branch indicated that Respondent Pebley was not an employee of Respondent RMS, but was associated with Respondent RMS as he hung his license at the firm to clear trades. However, FINRA lists Respondent as an agent of Respondent RMS from January 2010 to July 2010.
22. Respondent Pebley did not disclose to investor A that he was selling her an investment in a company (Respondent Ten X), which was in the process of purchasing a company which Respondent Pebley was employed by at the time.
23. Moreover, Respondent Pebley did not disclose to Investor A, before she invested in Respondent Ten X, that he was also associated with the Respondent RMS. The principals of Respondent RMS were the same as Respondent Ten X, raising a conflict of interest necessary to disclose to investors.
24. Respondents Ten X, Beston, and Branch as issuers of the Ten X Holdings notes failed to disclose to Investor A that Respondent Pebley was associated with Respondent RMS, which they were principals of, and failed to disclose that Respondent Pebley was an employee of a firm they were in the process of acquiring.
25. The fact that no compensation was paid to any of the Respondents for the solicitation of investments into Respondent Ten X does not resolve the issue of Respondent Pebley soliciting investments into Respondent Ten X. Respondent Pebley solicited investments in an entity that was owned by the principals of the broker dealer where Respondent Pebley held his securities license raises a conflict of interest necessary to disclose to potential investors.
26. Respondents Ten X, Beston, Branch, and Pebley failed to disclose material facts to Investor A to provide her with information necessary to make an informed decision before investing in Respondent Ten X.

27. Section 12.G of the Act states *inter alia* that it shall be a violation 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 the light of the circumstances under which they were made, not misleading.

## COUNT II

### FAILURE TO SUPERVISE

28. Paragraphs 1 thru 26 are herein incorporated by reference.

29. Section 8.E(1)(e) of the Act states *inter alia* Subject to the provisions of subsection F of Section 11 of this Act, the registration of a dealer may be denied, suspended or revoked if the Secretary of State finds that the dealer has failed reasonably to supervise the securities activities of any of its salespersons or other employees and the failure has permitted or facilitated a violation of Section 12 of this Act.

30. Respondent Pebley did not list on his registration the outside business he was conducting in soliciting investments into Respondent Ten X.

31. Respondent Ten X principals were at the time the same principals as Respondent RMS.

32. Respondent RMS, by and through its principals Respondents Beston and Branch, were fully aware of Respondents Pebley's outside business activities.

33. Respondent RMS failed to supervise the sales activities of its registered agent Pebley when he sold investments into Ten X which had the same principals as RMS at the time of the investment. Respondent RMS failed to record on its books and records Respondent Pebley's outside activities involving Respondent Ten X. Furthermore, Respondent RMS failed to require Respondent Pebley, one of its registered agents, to update his U4 disclosures to reflect the outside business activities conducted by Respondent Pebley.

34. Section 12.A of the Act states *inter alia* that it shall be a violation of this Act for any person to offer or sell any security except in accordance with the provisions of this Act.

## COUNT III

### FAILURE TO DISCLOSE

35. Paragraphs 1 thru 34 are herein incorporated by reference.

36. To date, Respondents Ten X, Beston, and Branch maintain that Ten X is awaiting an accounts receivable which, when collected, would satisfy the three remaining investor notes.
37. At a Deposition taken before the Department on July 29, 2014, Respondent Branch indicated that the account receivable that Respondent Ten X is currently awaiting collection was held by Brewington Holdings, LLC.
38. Respondent Branch also stated that sometime in 2011, he began representing Mr. Brewington in a legal capacity to assist Brewington Holdings, LLC to obtain invested funds from a third party. Respondent Branch also stated that the accounts receivable of Ten X would then be satisfied once Brewington Holdings, LLC obtained the funds from the third party.
39. Respondent Branch also stated that Respondent Ten X would have declared bankruptcy but for this accounts receivable as it is Respondent Ten X's last remaining asset.
40. Since 2012, Investor A has requested and has been granted note extensions from Respondent Ten X extending the maturation date of the original note, the last one being executed sometime in February 2014.
41. At no time during the note extensions executed between Respondent Ten X and Investor A did Respondents Ten X, Beston, and Branch disclose to Investor A that Respondent Branch was legally representing the entity that currently owed Respondent Ten X the account receivable.
42. Section 12.G of the Act states *inter alia* that it shall be a violation 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 the light of the circumstances under which they were made, not misleading.

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

Dated: This 5th day of November, 2014.

  
\_\_\_\_\_  
JESSE WHITE  
Secretary of State  
State of Illinois

Attorneys for the Secretary of State:  
Frank Loscuito  
Office of the Secretary of State  
Illinois Securities Department  
69 West Washington Street, Suite 1220  
Chicago, Illinois 60602  
Telephone: (312) 793-7319

Hearing Officer:  
George Berbas  
180 N. LaSalle St. Suite 3700  
Chicago, IL 60601  
Work: (312)263-2250

**You are further notified that you are required pursuant to Section 1104 of the Rules to file an answer to the allegations outlined above, or other responsive pleading within 30 (thirty) days of receipt of this notice. Your failure to do this 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 appear shall constitute default by you.**

**A copy of the Rules and Regulations promulgated under the Illinois Securities Law and pertaining to hearings held by the Office of the Secretary of State, Illinois Securities Department, are available at the Department's website:**

**<http://www.cyberdriveillinois.com/departments/securities/abtil.html>**