

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

IN THE MATTER OF:)	
JACKSON HEWITT, M AND M TAX)	
SERVICE , its managers, officers, affiliates,)	File No. 1400269
subsidiaries, representatives, successors, and)	
assigns, and;)	
MICHAEL A. MAZZULLA , an individual.)	
)	

CONSENT ORDER

TO THE RESPONDENTS:

**Jackson Hewitt
M and M Tax Service
7132 N. Harlem Avenue
Chicago, IL 60631**

**Michael A. Mazzulla
511 East Park Manor Court
Elmhurst, IL 60126**

WHEREAS, Michael A. Mazzulla personally, and on behalf of Jackson Hewitt, M and M Tax Service on the 21st day of January, 2015 executed a certain Stipulation to Enter Consent Order ("the Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, Michael A. Mazzulla has admitted to the jurisdiction of the Secretary of State, Securities Department, and has consented to the entry of this Consent Order.

**COUNT I
FRAUD**

WHEREAS, by means of the stipulation, Michael A. Mazzulla acknowledges that the Secretary of State makes these Findings of Facts and admits to the following:

1. Respondent Jackson Hewitt M and M Tax Service ("M&M") is a franchise owned and operated by Respondent Michael A. Mazzulla which engaged in the business of providing tax preparation services and has the last known address of 7132 N. Harlem Avenue, Chicago, IL 60631.

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2. Respondent Michael A. Mazzulla ("Mazzulla") is an Illinois Resident, with the last known address of 511 East Park Manor Court, Elmhurst, IL 60126. Respondent Mazzulla is the owner and operator of Respondent M&M in the State of Illinois.
3. Sometime in or around July 2013, Investor A, an Illinois resident, became a client of Respondent M&M to have her father's estate taxes filed. Investor A's father had been a customer of Respondent M&M for the previous five years before his death.
4. Through her involvement with Respondent M&M, Investor A met Respondent Mazzulla, who was the owner and operator of the Jackson Hewitt Franchise (Respondent M&M) and tax preparer of Investor A's father's income taxes prior to his death.
5. Investor A had her father's estate taxes filed on July 15, 2013.
6. Investor A built up a trust in Respondent Mazzulla since he had been her father's tax preparer and the fact that he had paid her father's estate taxes (approximately \$900) out of his own pocket and had Investor A reimburse him.
7. Not long after her father's taxes were filed, Investor A began complaining to Respondent Mazzulla that she did not like the service or the return she was receiving on the money from her father's estate which she had invested at her bank.
8. Respondent Mazzulla as Investor A's father's tax preparer had knowledge of how much money Investor A had inherited, and iterated to Investor A that Jackson Hewitt could get her a better return on her money.
9. Respondent Mazzulla stated to Investor A that Jackson Hewitt was accepting investments in increments of \$20,000.
10. On July 26, 2013, Investor A and Respondent Mazzulla signed two separate promissory notes on plain white paper which listed the terms as follows; "Investor A will invest \$20,000 with Jackson Hewitt M and M Tax Service for the term of 6 months with an interest rate of 5.22% for a total of \$1,044, payable on the 28th day of each month starting August 28, 2013, in the amount of \$174."
11. On July 26, 2013, Investor A issued a check to Respondent Mazzulla made payable to Jackson Hewitt Tax Service in the amount of \$40,000.
12. On information and belief, Investor A received an interest payment from Respondents on August 28, 2013, per the terms of the promissory note.
13. On or around September 11, 2013, Investor A decided to invest another \$40,000 with Respondents. Investor A again signed two separate promissory notes which listed the terms as follows: "Investor A will invest \$20,000 with Jackson Hewitt M and M Tax Service for

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the term of 6 months with an interest rate of 5.95% for a total of \$1,190, payable on the 11th day of each month starting October 11, 2013, in the amount of \$198.34.” This time, however, the promissory notes were drafted on Jackson Hewitt letterhead.

14. On September 13, 2013, Investor A issued two checks to Respondent Mazzulla made payable to Jackson Hewitt with memos which listed “investment” in the amounts of \$20,000, for a total of \$40,000.
15. On information and belief, Investor A received interest payments from Respondents, on the 11th and 28th of every month, per the terms of the four promissory notes, until April 2014.
16. On or around April 11, 2014, Investor A signed a promissory note on Jackson Hewitt Tax Service letterhead extending the previous notes which listed the new terms as follows; “Investor A will invest \$80,000 with Jackson Hewitt M and M Tax Service for the term of 12 months with interest rate of 5.95% for a total of \$9,528, payable on the 11th day of each month starting May 11, 2014, in the amount of \$794.
17. The promissory notes offered by Respondents Mazzulla and M&M constitute the offer and sale of a security as those terms are defined in Sections 2.1, 2.5, and 2.5a of the Act.
18. On May 11, 2014 Investor A received a check from Respondents for \$794 representing the interest payment per the terms of the promissory note. However, the May 11th interest check bounced. Investor A contacted Respondent Mazzulla and informed him about the problem, whereby Respondent Mazzulla issued another check dated May 13, 2014, which cleared.
19. Sometime between May and July 2014, Investor A contacted Respondent Mazzulla demanding the return of \$20,000 of her investment.
20. Respondent Mazzulla responded with a hand written letter dated July 16, 2014, stating that a request for the \$20,000 cashier check had been submitted and that it would take 8 working days for her to receive it.
21. Investor A never received a cashiers check from Respondent Mazzulla. In fact, Respondent Mazzulla has not returned any of Investor A’s phone calls and letters since July of 2014. To date, Investor A has not received any further interest payments or the return of the \$80,000 principal.
22. Respondents Mazzulla and M&M never produced any statements to Investor A to indicate where her \$80,000 was invested, has failed to make any further interest payments to Investor A in accordance with the terms of the April 11, 2014 promissory note, and has refused to return the principal sum of \$80,000 to Investor A.
23. During the course of the investigation conducted by the Illinois Securities Department, the Department subpoenaed several of Respondents Mazzulla and M&M’s bank records. Upon

inspection of these bank records, it was found that Respondents did not invest Investor A's funds, but instead Respondent Mazzulla used said funds for personal expenses.

24. Section 12.F states *inter alia* 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 of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof.
25. Section 12.I of the Act states *inter alia* 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.
26. By virtue of the foregoing, Respondents M&M and Mazzulla each violated Sections 12.F and 12.I of the Illinois Securities Law of 1953.

COUNT II

MAKING FALSE STATEMENTS TO THE ILLINOIS SECRETARY OF STATE

27. Paragraphs 1 through 26 are herein incorporated by reference.
28. Section 11.C(2) of the Act states *inter alia* that whenever it shall appear to the Secretary of State, either upon complaint or otherwise, that this Act, or any rule or regulation prescribed under authority thereof, has been or is about to be violated, he or she may, in his or her discretion, conduct an investigation, audit, examination, or inspection as necessary or advisable for the protection of the interests of the public.
29. An investigation was conducted by the Illinois Securities Department (the "Department") after receiving a complaint filed by Investor A.
30. Section 11.D(1) of the Act states *inter alia* that for the purpose of all investigations, audits, examinations, or inspections which in the opinion of the Secretary of State are necessary and proper for the enforcement of this Act, the Secretary of State or a person designated by him or her is empowered to administer oaths and affirmations, subpoena witnesses, take evidence, and require, by subpoena or other lawful means provided by this Act or the rules adopted by the Secretary of State, the production of any books and records, papers, or other documents which the Secretary of State or a person designated by him or her deems relevant or material to the inquiry.
31. During the course of the Department's investigation of Respondents Mazzulla and M&M, a subpoena *duces tecum* was issued to Respondents in accordance with Sections 11.C and 11.D of the Act. Respondents were required to produce, among other things: 1) a list of all investors/clients of Respondent M&M; 2) copies of any/all correspondence to investor/clients regarding their investment accounts; and 3) copy of any/all Promissory Notes between investors and Respondents Mazzulla and/or M&M.

32. Respondents made false statements to the Illinois Secretary of State in their response to the subpoena *duces tecum* by stating that they produced a list of all investor/clients. The list provided to the Department did not include any mention or indication that Investor A was a client or investor with Respondent Mazzulla.
33. Respondent made false statements regarding the production of all correspondence to investors/clients regarding their investment accounts by stating that "they never did this" when in fact the Department has evidence of correspondence between Investor A and Respondent Mazzulla concerning her \$80,000 investment.
34. Respondents Mazzulla and M&M made false statements to the Secretary of State by stating in their response to the *duces tecum* that they produced all promissory notes to the Department. The promissory notes provided to the Department did not include any of the promissory notes signed between Investor A and Respondent Mazzulla.
35. Section 12.E states *inter alia* it shall be a violation of the provisions of this Act for any person to make, or cause to be made in any application, report or document filed under this Act or any rule or regulation made by the Secretary of State pursuant to this Act, any statement which was false or misleading with respect to any material fact.
36. By virtue of the foregoing, Respondents M&M and Mazzulla each violated Section 12.E of the Illinois Securities Law of 1953.

COUNT III

FAILURE TO PRODUCE

37. Paragraphs 1 through 36 are herein incorporated by reference.
38. As referenced in Paragraph 31, Respondents were required by the subpoena *duces tecum* issued by the Department to produce a list of all open or closed checking, savings and money market accounts in the names of Respondents M&M and/or Mazzulla.
39. Respondents failed to produce or identify any checking, savings, or money market accounts which are held in their names or for which they hold signatory authority.
40. Section 12.D of the Act states *inter alia* that it shall be a violation of the provisions of this Act for any person to fail to file with the Secretary of State any application, report or document required to be filed under the provisions of this Act or any rule or regulation made by the Secretary of State pursuant to this Act or to fail to comply with the terms of any order of the Secretary of State issued pursuant to Section 11 hereof.

41. By virtue of the foregoing, Respondents have each violated Section 12.D of the Illinois Securities Law of 1953.

COUNT IV

OFFER AND SALE OF UNREGISTERED SECURITIES

42. Paragraphs 1 through 41 are herein incorporated by reference.
43. As referenced in Paragraph 17, The promissory notes offered by Respondents Mazzulla and M&M constitute the offer and sale of a security as those terms are defined in Sections 2.1, 2.5, and 2.5a of the Act.
44. Section 5 of the Act requires the registration of a security being offered or sold in the State of Illinois unless an exemption applies.
45. To date, the promissory notes issued by Respondents M&M and Mazzulla have never been registered as a security with the Secretary of State of Illinois.
46. 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.
47. Section 12.B of the Act states *inter alia* that it shall be a violation of the provisions of this Act for any person to deliver to a purchaser any security required to be registered under Section 5, Section 6, or Section 7 hereof unless accompanied or preceded by a prospectus that meets the requirements of the pertinent subsection of Section 5, Section 6, Section 7.
48. By virtue of the foregoing, Respondents M&M and Mazzulla have each violated Sections 12.A and 12.B of the Illinois Securities Law of 1953.

COUNT V

ACTING AS AN UNREGISTERED SALESPERSON

49. Paragraphs 1 through 48 are herein incorporated by reference.
50. On information and belief, Respondents M&M and Mazzulla, on several occasions and with several Illinois residents, sold unregistered securities in the State of Illinois.
51. Section 8 of the Act provides, *inter alia*, that all salespersons, except as otherwise provided, shall be registered with the Secretary of State.
52. 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.

53. Section 12.C of the Act states *inter alia* that it shall be a violation of the provisions of this Act for any person to act as a dealer, salesperson, investment adviser or investment adviser representative, unless registered as such, where such registration is required, under the provisions of this Act.
54. By virtue of the foregoing, Respondents M&M and Mazzulla have each violated Sections 12.A and 12.C of the Illinois Securities Law of 1953.

WHEREAS, by means of the Stipulation, Respondent Mazzulla has acknowledged and agreed that the following shall be adopted as the Secretary of State's Conclusions of Law:

1. Illinois has jurisdiction over this matter pursuant to the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act");
2. Respondent Mazzulla acknowledges and agrees that he, by and through Respondent M&M, has violated Sections 12.A, 12.B, 12.C, 12.D, 12.E, 12.F, and 12.I of the Act;
3. WHEREAS, Respondents M&M and Mazzulla agree to a permanent prohibition from engaging in the offer and sale of securities in or from the State of Illinois, and agree to a permanent prohibition from engaging in any and all investment adviser activities in the State of Illinois;
4. WHEREAS, Respondents M&M and Mazzulla agree to a permanent bar from registering as an investment adviser and/or investment adviser representative in the State of Illinois;
5. WHEREAS, Respondents M&M and Mazzulla agree to a permanent bar from registering as a salesperson in the State of Illinois.

NOW THEREFORE, IT IS HEREBY ORDERED THAT:

1. By means of the Stipulation, Respondents M&M and Mazzulla have acknowledged and agreed that they will be **PROHIBITED** from the offer and sale of securities in or from the State of Illinois, and will be **PROHIBITED** from engaging in any and all investment adviser activities in the State of Illinois.
2. By means of the Stipulation, Respondents M&M and Mazzulla are permanently **BARRED** from registering as an Investment Adviser and/or investment adviser representative in the State of Illinois.
3. By means of the Stipulation, Respondents M&M and Mazzulla are permanently **BARRED** from registering as a salesperson in the State of Illinois.

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4. The Notice of Hearing dated December 4, 2014, as it relates to Respondents M&M and Mazzulla will be dismissed without further proceedings upon full satisfaction of all obligations set forth in this Order;
5. The entry of this Order ends the Secretary of State Securities Department's formal hearing of this matter.

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

Dated: This 23rd day of January, 2015.



JESSE WHITE
Secretary of State
State of Illinois

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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 who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of the Order shall be guilty of a Class 4 Felony.

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 (14 111. Admin. Code, Ch. I, 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.