

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)

FINAL ORDER

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
Bloomington, IL 60108

WHEREAS, the above-captioned matter came on to be heard October 15, 2014 pursuant to the Notice of Hearing dated June 16, 2014 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 in the above-captioned matter have been read and examined.

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

1. The pleadings, Exhibits and testimony have been offered and received from the Department and the Respondents, and a proper record of all proceedings has been made and preserved as required by law.
2. The Hearing Officer has ruled on all motions and objections timely made and submitted.
3. The Hearing Office and the Secretary of State Securities Department have jurisdiction over the parties herein and the subject matter dealt with herein, due and proper notice having been previously given as required by statute in this Matter.
4. Respondent Brian Knight is an Illinois resident and President of United Private Capital Inc.
5. 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.
6. 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 \$1,290,000.00.
7. The Corporate Guaranty states that it is perpetual in nature, will continue to renew for an additional year unless notice is given otherwise, and 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.
8. The Corporate Guaranty included other terms as set forth in the document.

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9. The Corporate Guaranty stated that the investment was into the United Private Capital, Inc FX ("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.
10. The Maize Fund was a purported Foreign Exchange Fund which is currently defunct.
11. The principal of the Maize Fund was Scott Ross.
12. United Private Capital, Inc. invested in the Maize Fund as its sole Foreign Exchange trading activity.
13. In February 2009, the SEC filed a complaint against Scott Ross and placed the Maize Fund and other entities operated by Scott Ross in receivership. As part of the complaint the SEC alleged that the Maize Fund was a Ponzi scheme.
14. The U.S. District for the Northern District of Illinois 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.
15. The February 11, 2009 letter from the Receiver advised investors that the Receiver had recovered approximately \$2.7 million of the approximately \$11.1 million raised by Scott Ross for investment in the Elucido, Maize and Moondoggie funds.
16. 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.

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17. In March 2009 a newsletter to investors reported a United Private Capital Inc. Fund performance of 8.41% and an October 2009 newsletter reporter 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.
18. None of the above newsletters notified or mentioned to investors that the Maize Fund was in receivership with substantial losses.
19. Between April 2009 and May 19, 2010, Brian Knight through an affiliated entity, Strategic Lending Solutions, Inc. transferred real estate properties to United Private Capital, Inc. purportedly due to the fact that the Maize Fund had been placed in receivership.
20. Two of the real estate properties were unimproved and none had reported appraisal values.
21. 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.
22. 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.
23. Some investors have been repaid but others have not been repaid, despite their demands.
24. 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.

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25. Despite the above investor demands to liquidate the accounts, the Respondents refused to do so.
26. 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.
27. The above-referenced Corporate Guaranties are securities as that term is defined pursuant to Section 2.1. of the Act.
28. 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.
29. 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.
30. 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.
31. 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.

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32. 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.
33. 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.
34. The record supports a finding that the actions, statements, representations, and/or omissions of the Respondents constitute violations of Sections 12.F, 12.G, 12.H and 12.I of the Act.

WHEREAS, the proposed Conclusions of Law made by the Hearing Officer are correct as modified are hereby adopted as the Conclusions of Law of the Secretary of State:

1. The actions, statements, representations, and/or omissions of the Respondents made in connection with the offer or sale of securities and that worked or tended to work a fraud or deceit upon Illinois purchasers are violations of Section 12.F of the Act.
2. The actions, statements, representations, and/or omissions of the Respondents which were untrue or misleading of material facts and were made to obtain money from Illinois purchasers are violations of Section 12.G of the Act.
3. The actions, statements, representations, and/or omissions of the Respondents signing or circulation of any statement, prospectus or other paper or document required by an provision of the Act or pertaining to any security knowing or having reasonable grounds to know any material representation contained to be false or untrue, are violations of Section 12.H of the Act.

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4. The actions, statements, representations, and/or omissions of the Respondents employing any device, scheme or artifice to defraud in connection with sale of any security, directly or indirectly, are violations of Section 12.I of the Act.
5. By virtue of the foregoing and because of the Findings of this Order, the pleadings, the Exhibits admitted as Secretary of State Exhibits Numbers 1 through 9, and the testimony, the Respondents are subject to a fine of up to \$10,000 per violation of the Act, an order of censure, and an order which temporarily or permanently prohibits the Respondents from offering or selling securities in the State of Illinois.
6. The entry of a final written order that permanently prohibits the Respondents from offering or selling securities in the State of Illinois is proper in this Matter, given the conduct of the Respondents as described in the pleadings, the Exhibits, and the testimony.

WHEREAS, the Hearing Officer's recommendation is adopted as follows:

That a written Final Order be entered pursuant to Section 11.E(2) of the Act that permanently prohibits the offer or sale of securities by the Respondents in the State of Illinois.

WHEREAS, the Secretary of State makes the following additional recommendation as follows:

That pursuant to Section 11.E.4 of the Act an order be entered which fines the Respondents jointly and severally \$15,000.00.

NOW THEREFORE, IT SHALL BE AND IS HEREBY ORDERED:

1. That a Permanent Order of Prohibition be entered against Respondents, Brian Knight and United Private

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Capital, Inc. and their officers agents, employees, sales representatives, and affiliates, successors and assigns prohibiting them from offering or selling for securities in or from the State of Illinois.

2. That Respondents, Briand Knight and United Private Capital, Inc are jointly and severally fined \$15,000.00.

ENTERED

This 9th day of June 2015



JESSE WHITE
Secretary of State
State of Illinois

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 offence.

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.

Attorney for the Secretary of State
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