



## II. The Hearing

The Hearing took place on June 10, 2015 at approximately 10:00 a.m. A certified Court Reporter, April M. Metzler, reported the proceedings. Accordingly, a full record of the proceedings is on file and this Report and Recommendation contains only, and is intended only to be, a summary.

Enforcement Attorney James J. Tierney appeared at the hearing on behalf of the Department. Nobody appeared on behalf of the Respondent. In addition, the Respondent failed to submit an answer or other response to the Notice of Hearing.

After the Hearing Officer called the hearing to order, Enforcement Attorney Tierney brought a motion pursuant to Section 1104 of the Code requesting that the Hearing Officer recommend that the allegations contained in the Notice of Hearing be deemed admitted and that the Hearing Officer recommend that the Respondent be held in default for failing to file a timely answer, special appearance, or other responsive pleading. At the same time, the Department also made a motion pursuant to Section 1109 of the Code requesting that the Hearing Officer recommend a finding of default and entry of an appropriate order against Respondent Jackson for his failure to appear at the time and place scheduled for the hearing.

In support of its motions, the Department offered Secretary of State Exhibits 1 and 2. The Hearing Officer admitted Exhibits 1 and 2 into evidence and found that the exhibits established service of the Notice of Hearing upon Respondent Jackson. The Exhibits are part of the record maintained by the Department. Exhibit 1 is the Notice of Hearing in this matter, issued on April 10, 2015 with Mr. Jackson's signature of receipt dated April 18, 2015. Exhibit 2 contains a document demonstrating the Department's attempt to serve Respondent through certified mail.

Concluding that the Department served the Respondent, and that Respondent failed to appear at the hearing and failed to respond to the Notice of Hearing, the Hearing Officer granted the Department's motions under Sections 1104 and 1109 of the Code.

The Department then proceeded to prove-up the allegations in the Notice of Hearing. The Department called the following witnesses: Complaining witness Kara Scott and Department Investigator James Nix. The witnesses were each sworn in to testify. No summary of their testimony is provided as full transcripts are available for a reviewing court. The Hearing Officer found the witnesses credible, and the Hearing Officer did not base any finding of fact on the incredibility of a witness.

The Department admitted the following exhibits:

Exhibit 3: Receipt of a Chase cashier's check dated February 3, 2014 from Kara Scott made out to Adam Jackson in the amount of \$8,500.

Exhibit 4: A copy of the cashier's check dated February 3, 2014 made out to Adam Jackson in the amount of \$8,500.

The Department closed the evidence, and Mr. Tierney gave a brief closing statement in which he summarized the violations of the Illinois Securities Laws committed by Respondent Jackson. The Department requested that a recommendation be made that a permanent order of prohibition be entered against Respondent Jackson and sought a fine of \$10,000 against Jackson.

### **III. Proposed Findings of Fact**

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

1. Respondent Adam C. Jackson has last known addresses of 14016 Camdan Drive, Homer Glen, Illinois 60491, and/or 10703 Gabrielle Lane, Orland Park, Illinois 60462.
2. In January 2014 Jackson offered to an Illinois resident ("Investor") an opportunity to invest \$8,500 in an unspecified plan to earn money "in real estate", and that Investor #1 would receive a return of \$14,000 within 2 months.
3. In January 2014 Investor gave Respondent Jackson a JP Morgan Chase Bank cashier's check in the amount of \$8,500, which Jackson brought to a Chase Bank, negotiated and received cash in the amount of \$8,500.
4. Respondent failed to pay Investor any of the \$14,000 promised return on the investment contract; and returned to Investor only \$1,000 of the invested \$8,500.
5. Instead Respondent Jackson repeatedly made excuses and postponed payment of the promised \$14,000 return due to Investor; and in spite of repeated demands, failed to repay the remaining \$7,500 of the invested funds.
6. Respondent failed and refused to notify Investor of the risk involved in the purchase of the investment contract that could result in the loss of the money invested by Investor.
7. Respondent Jackson failed to file with the Secretary of State an application for registration of the securities described above as required by the Act, and as a result, the securities were not registered pursuant to Section 5 of the Act prior to its offer and sale in the State of Illinois.
8. On March 17, 2015 Respondent Adam C. Jackson, was served with a Subpoena Ad Testificandum (the "Subpoena") by personal service effected by an investigator of the Illinois Securities Department requiring Respondent's appearance for Testimony at 2:00 O'clock PM on April 1, 2015, and for Respondent to produce documents at that time.

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9. Respondent Jackson failed to appear for the testimony at 10:00 am on April 1, 2015, did not call to request rescheduling, and furthermore did not submit any of the requested documents required by the Subpoena.

### IV. Proposed Conclusions of Law

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

1. The Department properly served the Notice of Hearing on Respondent Jackson.
2. The Notice of Hearing included the information required under Section 1102 of the Code.
3. The Secretary of State has jurisdiction over the subject matter pursuant to the Act.
4. Because of Respondent 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) Respondent Jackson waived his right to a hearing;
  - (c) Respondent Jackson is subject to an Order of Default.
5. Because Respondent Jackson failed to appear at the time and place set for hearing, in accordance with Section 1109, he:
  - (a) waived his right to present evidence, argue, object or cross-examine witnesses; or
  - (b) otherwise participate at the hearing.
6. That the activities described in the above Findings of Fact constitute the offer and sale of an investment contract and is therefore 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] (the "Act").
7. 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 sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof.

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8. 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 light of the circumstances under which they were made, not misleading.
9. By virtue of the foregoing failures in the investments of the Investor, Respondent Jackson violated Sections 12.F and 12.G of the Act and will violate them again if he makes further offers, or if he makes any sales of investment contracts or other securities in the State of Illinois.
10. That Section 5 of the Act provides, *inter alia*, that "all securities except those set forth under Section 2a of this Act... or those exempt... shall be registered... prior to their offer or sale in this State."
11. Respondent Jackson failed to file an application with the Secretary of State to register the securities described above as required by the Act and as a result, the securities were not registered pursuant to Section 5 of the Act prior to their offer or sale in the State of Illinois.
12. 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.
13. Section 12.D of the Act provides, *inter alia*, that it shall be a violation 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 the Act or any rule or regulation made by the Secretary of State pursuant to the Act.
14. By virtue of the foregoing, Respondent Jackson violated Sections 12.A and 12.D of the Act.
15. Further, by virtue of his failure to respond to the Subpoena and produce documents Respondent Jackson violated Section 12.D of the Act.

### V. Recommendations as To Disposition

The Hearing Officer recommends that:

1. An Order of Default be entered against Respondent Jackson and that the facts alleged in the Notice of Hearing be deemed admitted.
2. An Order be entered against Respondent Jackson in the form of a permanent order of prohibition against Jackson from offering or selling securities in or from the State of Illinois.

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3. An Order be entered against Respondent Jackson imposing a fine of \$10,000.00.


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

1. An Order of Default is entered against Respondent Adam C. Jackson and that the facts alleged in the Amended Notice of Hearing are deemed admitted.
2. An Order is entered against Respondent Adam C. Jackson in the form of a **PERMANENT ORDER OF PROHIBITION** from offering or selling securities in or from the State of Illinois.
4. An Order is entered against Respondent Adam C. Jackson imposing a fine of \$10,000.00.

**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.**

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 29<sup>th</sup> day of June 2015.



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