

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: INDIANA OPERATOR PARTNERSHIP,)
INDIANA AUCTION VENTURES, LLC,) No. 1400334
INDIANA AUCTION VENTURES II, LLC,)
KEVIN KOY and)
DAN STAMER, their partners, officers and)
directors, members, managers, agents,)
employees, affiliates, successors and assigns.)

NOTICE OF HEARING

TO RESPONDENTS: INDIANA OPERATOR PARTNERSHIP, and
INDIANA AUCTION VENTURES, LLC, and
INDIANA AUCTION VENTURES II, LLC.
47 WEST POLK STREET
SUITE 100-121
CHICAGO, ILLINOIS 60605

AND

KEVIN KOY
518 EDENS LANE
NORTHFIELD, ILLINOIS 60093

AND

DAN STAMER
47 WEST POLK STREET
SUITE 100-121
CHICAGO, ILLINOIS 60605

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") and 14 Ill. Adm. Code 130, subpart K, a public hearing will be held at 69 West Washington Street, Suite 1220, Chicago, Illinois 60602, on the 26th day of August, 2015 at the hour of 10:00 a.m. or as soon thereafter as possible before James Kopecky, Esq. or such other designated Hearing Officer as the Secretary of State may appoint.

Said hearing will be held to determine whether a permanent Order shall be entered prohibiting Respondents **INDIANA OPERATOR PARTNERSHIP, INDIANA AUCTION VENTURES, LLC., INDIANA AUCTION VENTURES II, LLC., KEVIN KOY, and DAN STAMER** and their partners, officers and directors, members, managers, agents and employees, affiliates,

Notice of Hearing

2

successors and assigns from offering or selling securities in or from the State of Illinois and/or granting such other relief as may be authorized under the Act, including but not limited to, the imposition of a monetary fine in the maximum amount pursuant to Sec. 11.E(4) of the Act, payable within ten (10) days of the Order.

The grounds for such proposed action are as follows:

1. **INDIANA OPERATOR PARTNERSHIP** (or at times hereinafter when used collectively with all other Respondents, "Respondents"; or together with Indiana Auction Ventures, LLC, and Indiana Auction Ventures II, LLC, "Companies") has a last known address of 47 West Polk Street, Suite 100-121, Chicago, Illinois 60605.
2. **INDIANA AUCTION VENTURES, LLC.** (or at times hereinafter when used collectively with all other Respondents, "Respondents"; or together with Indiana Operator Partnership, and Indiana Auction Ventures II, LLC., "Companies") has a last known address of 47 West Polk Street, Suite 100-121, Chicago, Illinois 60605.
3. **INDIANA AUCTION VENTURES II, LLC.** (or at times hereinafter when used collectively with all other Respondents, "Respondents"; or together with Indiana Operator Partnership and Indiana Auction Ventures, LLC, "Companies") has a last known address of 47 West Polk Street, Suite 100-121, Chicago, Illinois 60605.
4. **KEVIN KOY** (or at times hereinafter when used collectively with other Respondents, "Respondents") has a last known address of 518 Edens Lane, Northfield, Illinois 60093.
5. **DAN STAMER** (or at times hereinafter when used collectively with other Respondents "Respondents") has a last known address of 47 West Polk Street, Suite 100-121, Chicago, Illinois 60605.
6. At all relevant times herein Respondents **Kevin Koy** and **Dan Stamer** were the controlling members/partners and agents of Indiana Operator Partnership, Indiana Auction Ventures, LLC, and Indiana Auction Ventures II, LLC.
7. Between June 2012 and August 2012 Respondents, through controlling agents Kevin Koy and Dan Stamer solicited and sold an unspecified number of membership interests in Indiana Operator Partnership, Indiana Auction Ventures, LLC, and Indiana Auction Ventures II, LLC. to at least eight (8) investors ("Investor(s)") receiving \$479,395.00.
8. Respondents promised Investors that their invested money would be used to "purchase real estate tax liens" on properties that the owners had fallen into arrears on tax payments.

Notice of Hearing

3

9. Respondents further told Investors that once the redemption time frame for the owners had passed the real estate parcels would become the property of the Companies, and the Investors' interests would be reduced to cash.
10. Investors were promised that each Investor would receive a pro-rata share of the profits, and accordingly each Investor's return would be based on that Investor's amount invested.
11. Investor JL paid \$30,000 for a pro-rata share of the profits, and later paid an additional \$30,000 for a pro-rata share of the profits.
12. Investor AD paid \$10,000 for a pro-rata share of the profits.
13. Investor JK paid \$25,000 for a pro-rata share of the profits.
14. Investor WW paid \$80,000 for a pro-rata share of the profits, and later paid an additional \$149,430 for an additional pro-rata share of the profits.
15. Investor FM paid \$60,000 for a pro-rata share of the profits.
16. Investor HF paid \$40,000 for a pro-rata share of the profits.
17. Investor RC paid \$24,985 for a pro-rata share of the profits.
18. Investor NC paid \$29,980 for a pro-rata share of the profits.
19. Respondents' activities described above in paragraphs 7-15 involve the offer and sale of investment contracts, and are therefore securities, 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").

FAILURE TO REGISTER SECURITIES

20. 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.
21. Respondents failed to file an application with the Secretary of State to register the investment contracts as required by the Act, and as a result the securities were not registered as such prior to their offer or sale in the State of Illinois.
22. Section 12.A of the Act provides, *inter alia*, that it shall be a violation of the Act to offer or sell any security except in accordance with the provisions of the Act.
23. Section 12.D of the Act provides, *inter alia*, that it shall be a violation of the Act 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

Notice of Hearing

4

by the Secretary of State pursuant to the Act or to fail to comply with the terms of any order of the Secretary of State issued pursuant to Section 11 hereof.

24. By virtue of the foregoing, Respondents violated Sections 12.A and 12.D of the Act.

FRAUD AND DECEIT #1

25. To date the Respondents have not made any payment, pro-rate or otherwise, to any Investor.
26. A portion of the Investor money was converted and used by Respondents to pay for Respondents' personal expenses
27. Respondents failed to disclose to the Investors that a portion of their money would not be used as promised, but instead would be converted to pay for the Respondents' personal expenses.
28. Respondents failed to disclose to the Investors that their investments could result in the loss of all their invested money.
29. 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".
30. 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.
31. 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".
32. By virtue of the foregoing, Respondents violated Sections 12.F, 12.G and 12.I of the Act.

FRAUD AND DECEIT #2

33. Respondents falsified the price actually paid for many of the tax liens, thereby falsely representing the costs of those investments.
34. Respondents used investor funds to purchase properties for companies and other entities, controlled by Respondents, and in which the investors had no interest, and could realize no profit.

Notice of Hearing

5

35. Respondents received redemption funds for those properties that were redeemed in accounts controlled by Respondents, and in which the investors had no interest.
36. Respondents became owners of several real estate properties in the name of Indiana Operator Partnership and collected rent which they converted and deposited into their own accounts rather than distributing them pro-rata to investors, as promised
37. Respondents failed to use all invested funds to purchase tax liens as promised, and instead converted a portion of the funds to their own business and personal purposes.
38. Respondents used funds from investors to be used exclusively in Indiana Auction Ventures II to pay back investors in other, non-related investment ventures without the knowledge or consent of Indiana Auction Ventures II investors.
39. 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".
40. 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.
41. 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".
42. By virtue of the foregoing, Respondents violated Sections 12.F, 12.G and 12.I of the Act.

You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 Ill. Adm. Code 130) (the "Rules"), to file an answer to the allegations outlined above within thirty (30) days of the receipt of this notice. A failure to file an answer within the prescribed time shall be construed as an admission of the allegations contained in the Notice of Hearing.

Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute default, unless any Respondent has upon due notice moved for and obtained a continuance.

Notice of Hearing

6

The Rules promulgated under the Act and pertaining to Hearings held by the Office of the Secretary of State, Securities Department may be viewed online at <http://www.cyberdriveillinois.com/departments/securities/lawrules.html>.

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

Dated: This 26th day of June 2015.



JESSE WHITE.
Secretary of State
State of Illinois

James J. Tierney
Enforcement Attorney
Office of the Secretary of State
Illinois Securities Department
69 W. Washington, Suite 1220
Chicago, Illinois 60602
Telephone: (312) 793-9650