

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF:)

MODESTO SPIRITS, Inc., its managers,)
officers, affiliates, subsidiaries, representatives,)
successors, and assigns; and,)
FRANCISCO TORO, an individual.)

File No. 1500036

TO THE RESPONDENTS:

Modesto Spirits, Inc.
2 Mid America Plaza
Suite 800
Oakbrook Terrace, IL 60181

Francisco Toro
6325 W. 63rd Street, Apt. 2C
Chicago, IL 60638

Modesto Spirits, Inc.
Care of:
P. Daniel Gillig
1020 Midlane Drive
Aurora, IL 60505

NOTICE OF HEARING

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 14th day of January, 2016, at the hour of 10:00 AM, or as soon as possible thereafter, before George Georgopoulos 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. Respondent Modesto Spirits, Inc., ("Modesto") is an Illinois Corporation which was incorporated on February 2, 2009, and its principal place of business and last known address is located at 2 Mid America Plaza, Suite 800, Oakbrook Terrace, IL 60181.
2. Since 2009, Respondent Modesto has been engaged in the design and production of Don Modesto Tequila.
3. Paul Daniel Gillig is listed as the President and Respondent Francisco Toro ("Toro"), who was a co-founder, is listed as the Secretary of Respondent Modesto.

SALE OF UNREGISTERED SECURITIES

4. In 2009, Respondent representatives, including Respondent Francisco Toro, began offering individuals shares of stock in Modesto Spirits, Inc.
5. During this period in 2009, Respondent Modesto issued at least 15 different certificates of stock to Illinois investors in varying amounts and shares.
6. In July 2009, Investor A, who was an acquaintance of Respondent Toro, invested \$10,000 into Respondent Modesto and was issued a stock certificate for 1000 shares of Modesto Spirits, Inc..
7. Sometime in 2014, Investor A met with Respondent Toro to request the return on his investment of \$10,000 in Respondent Modesto, and was informed by Respondent Toro that at that time Respondent Modesto was unable to repurchase the shares.
8. Since his initial investment, Investor A has not received any dividends or payments as it relates to the stock in Respondent Modesto.
9. The offer or sale of investments in Respondent Modesto constitutes the offer and sale of a security as those terms are defined in Sections 2.1, 2.5, and 2.5a of the Act.
10. Section 5 of the Act requires the registration of a security being offered or sold in the State of Illinois unless an exemption applies.
11. To date, the securities offered by Respondents Toro and Modesto have not been registered as a security with the Secretary of State of Illinois.
12. 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.

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13. 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.

FAILURE TO DISCLOSE

15. Respondents Modesto and Toro never informed Investor A, before he purchased his shares in Respondent Modesto, that some of the invested funds would be used to pay officers of Modesto a salary.
16. Moreover, the shareholder agreement as referenced in paragraph 7 stated that the officers would be employees of Respondent Modesto, but did not disclose the terms or amounts of any salary to be paid.
17. Beginning in May 2009 and ending in August 2009, Respondent Toro received several checks drawn from Respondent Modesto's bank account representing reimbursement for expenses and salary.
18. 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.

Date of Mailing: 9th day of November 2015



JESSE WHITE
Secretary of State
State of Illinois

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.

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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>

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