

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

IN THE MATTER OF: Inverciones Monarcas)
Maria del Carmen Penaloza and Araceli Cabrera)
_____)

FILE NO. 1400369

NOTICE OF HEARING

TO RESPONDENT:

Inverciones Monarcas
3151 Senter Road Suite 100
San Jose, CA 95111

Maria del Carmen Penaloza
3151 Senter Road Suite 100
San Jose, CA 95111

Araceli Cabrera
3151 Senter Road Suite 100
San Jose, CA 95111

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 19th day of April 2016 at the hour of 10:00 a.m. or as soon as possible thereafter, before James L. Kopecky, Esq., or such other duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether an Order shall be entered which would prohibit Respondents from selling or offering to sell securities in 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 Section 11.E of the Act, payable within ten (10) business days of the entry of the Order.

The grounds for such proposed action are as follows:

1. That on October 27, 2015 the State of California Business, Consumer Services and Housing Agency Department of Business Oversight issued a Desist and Refrain Order (DRO) against the Respondents.

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2. That per the DRO Respondent Inverciones Monarcas ("Inversiones") was a California business entity of unknown formation which conducted its business by telephone and through its web address inversionsmonarca.com at all times relevant to this action.
3. That per the DRO Respondent Maria del Carmen Penalzoa ("Penalzoa") at all times relevant to this held herself out as a representative of Inversiones.
4. That per the DRO Respondent Araceli Cabrera ("Cabrera") at all times relevant to this held herself out as a representative of Inversiones.
5. That Investor A was an Illinois resident at all times relevant to this action.
6. That per the DRO in or about 2013 Respondents offered securities in the form of promissory notes titled Loan Agreements.
7. That in 2013 Investor A purchased a \$10,000 promissory note ("note") issued by Inversiones and payable in 6 months. Penalzoa signed the note on behalf of Inversiones and Cabrera notarized her signature.
8. That when the note identified in paragraph 6 above became due the Respondents were to deposit the principal and interest in Investor A's bank account. That did not happen and since that time Investor A has been unable to contact or locate the Respondents or get his money back.
9. That Illinois residents purchased in excess of \$209,000 of the promissory notes described above.
10. That the activities described above constitutes the offer and/or sale of a securities and 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").
11. That Section 5 of the Act provides, inter alia, that all securities except those exempt under Section 3 or those offered or sold in transactions exempt under Section 4 shall be registered either by coordination or by qualification prior to their offer or sale in the State of Illinois.
12. That Respondents failed to file with the Secretary of State an application for registration of the securities described above as required by the Act and that as a result the securities were not registered pursuant to Section 5 of the Act prior to its offer in the State of Illinois.
13. That 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.

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14. That 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.
15. That Section 12.F of the Act provides that it shall be a violation of the Act to engage in any transaction, practice or course of business in connection with the sale or purchase of securities which work or tends to work a fraud or deceit upon the purchaser.
16. That Pursuant to Section 12.G of the Act, it is a violation of the Act 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.
17. That by virtue of the foregoing, the Respondents have violated Sections 12.A, 12.D, 12.F and 12.G of the Act.

You are further notified that you are required pursuant to Section 1104 of the Rules to file an answer to the allegations outlined above, a Special Appearance pursuant to Section 1107 of the Rules, or other responsive pleading within thirty (30) 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.

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 29th day February 2016


JESSE WHITE
Secretary of State
State of Illinois

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Attorney for the Secretary of State:

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