

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

IN THE MATTER OF: ROBERT LEE COLVIN

File No. 1500250

TEMPORARY ORDER OF PROHIBITION

TO THE RESPONDENT:

Robert Lee Colvin
413 Elm St.
Mt. Carmel, IL 62863

On information and belief, I, Jesse White, Secretary of State for the State of Illinois, through my designated representative, having been fully advised in the premises by the staff of the Illinois Securities Department, Office of the Secretary of State, herein find:

1. Respondent, Robert Lee Colvin, is an individual residing in Illinois.
2. Respondent was an insurance producer registered in the State of Illinois from, at least, October 1983 through July 2015.
3. At least as of February 2010, Respondent had a certain Illinois resident as a customer ("Customer A").
4. Customer A was sold annuities, including a North American Company for Life and Health Insurance indexed annuity with a "bonus" that would apply to all premiums paid, net of partial surrenders, during the first seven years.
5. During or about September 2010, according to Respondent, Customer A notified him that she had lost her job and would have to stop making premium payments.
6. According to Respondent, he told Customer A that he could make her more money if she would invest in his business activities.
7. According to Respondent, there was "a non-insurance related opportunity... and there would be some cost involved." Respondent further described the opportunity as "a multilevel Discount Prescription Drug Program, that had a buy in level."

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8. According to the website for the Discount Prescription Drug Program, there were two ways that people could "buy in." One option cost \$49 a month and the other option cost \$289 to get started and then \$49 a month.
9. Respondent gave a document ("Document A"), purporting to be a Business Model, to Customer A that was dated September 24, 2010. Document A stated:

\$5,000 to [Discount Prescription Drug Program] at 22.5% = accumulation of \$1,125 over the next 12 months. PLUS

Beginning on April 1, 2011, and additional accumulation of 5% total earnings of [Discount Prescription Drug Program] profits for 12 months. (i.e. \$20,000.00 a month = \$1,000.00 a month or \$12,000.00) at which time the agreement ceases. The profits can then be deposited in North American annuity as the 7 year bonus will still be ongoing.

[sic]. Emphasis not added.

10. Respondent and Customer A signed Document A and, on or about September 30, 2010, the Illinois resident gave Respondent a check for \$5,000.
11. The check was deposited in Respondent's bank account, on or about October 5, 2010.
12. Bank records indicate that Customer A's money was used by Respondent for his living expenses, including cash withdrawals, insurance premium payments, bill payments, and shopping.
13. Customer A filed a complaint with the Department of Insurance, on or about March 25, 2015, because she did not receive the expected payments from Respondent.
14. The Department of Insurance contacted Respondent's employer about the complaint.
15. During or about April 2015, the Department of Insurance received a statement from Respondent stating, "Things have been worked out between [Customer A] and me. She is happy, and would have a fit if she knew about this." Respondent further stated, "I fully expect to have her money by the end of the month."
16. During or about June 2015, Customer A filed a complaint with the Illinois Securities Department (the "Department") because she still had not received any payment from Respondent.
17. In an email, on November 29, 2015, Respondent told the Department:

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[Customer A] and I were doing just fine with the arrangement and terms which we discussed on more than one occasion before others decided that they would try to use this situation to cause trouble. She wanted/needed her money; it has taken far longer than I thought and I certainly understand that. She, as a friend of mine for nearly 20 years, also understood the difficulties I was experiencing, both financially, and physically, as we talked at length about the situation both by phone and as she came to my house to visit...

I will be authorizing 2 cashers checks to be made out to [Customer A], one for \$5,000.00 (the amount of the initial loan), and \$12,500.00 (under the tax year 2015 gifting limits of \$14,000.00). I will then be writing a postdated check for after the first of the year for \$12,500.00 for the tax year 2016 also under the gifting limits... She needs the money, and she has been made to wait too long and now, she has been put in an uncomfortable situation by others as they are pushing their own agendas at her expense, and because I will be able to afford it.

[sic].

18. On or about January 13, 2016, Customer A filed a small claims complaint, in Wabash County, Illinois, against Respondent.
19. At least as of February 1, 2016, the complaint was served upon the Respondent by the Sheriff's Office.
20. On or about February 11, 2016, a default judgment against the Respondent was entered for \$6,125 and \$131 in costs.
21. On or about April 27, 2016, an order was entered, stating that the parties had entered into an agreement by which Respondent would pay \$200 on the 20th of each month, starting in May 2016, until the judgment would be paid in full.
22. Respondent also solicited a husband and wife ("Customer B"), to whom Respondent had sold supplemental insurance, for an investment in his business activities.
23. Respondent gave Customer B a document ("Document B"), dated December 9, 2010. Document B stated:

[O]n or before December 1, 2011, Lee Colvin agrees to pay back to [Customer B] the amount of \$5,000.00 plus 25% interest of \$1,250.00 totaling \$6,250.00

The principle amount above is an investment in a business being undertaken by Lee Colvin with [an organization], to secure a management position.

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In addition to the earnings interest indicated above, L. Colvin also agrees to pay 5% of his earnings [with the organization] for the calendar year 2011. On Jan 10th 2012, Lee will provided [Customer B] with copies of earnings for the year 2011, along with payment equaling 5% of the gross earnings.

[sic].

24. Customer B and Respondent signed Document B and, on or about December 9, 2010, Customer B gave Respondent a check for \$5,000 with "Investment" written on the memo line.
25. The check was deposited in Respondent's bank account, on or about December 10, 2010.
26. Bank records indicate that Customer B's money was also used by Respondent for his living expenses, including cash withdrawals, insurance premium payments, bill payments, and shopping.
27. On or about October 8, 2013, Customer B filed a small claims complaint, in Wabash County, Illinois, against Respondent.
28. At least as of October 18, 2013, the complaint was served upon the Respondent by the Sheriff's Office.
29. On or about November 7, 2013, a judgment against the Respondent was entered for \$6,250 and \$129 in costs. An order was entered, stating that the parties had entered into an agreement by which Respondent would pay \$200 each month on the 28th of each month, starting in November 2013, until the judgment would be paid in full.
30. Section 12.F of the Act provides, *inter alia*, 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 works or tends to work a fraud or deceit upon the purchaser or seller thereof.
31. At all times relevant hereto, the Respondent engaged in a transaction, practice, or course of business in connection with the sale or purchase of securities which worked or tended to work a fraud or deceit upon Customer A and B. Respondent convinced Customer A and Customer B to invest in his business enterprises, promising high rates of returns, and then used their investments for his personal expenses and failed to make any payments, despite repeated promises to do so, until civil judgments were entered against him.
32. Section 12.G of the Act provides, *inter alia*, that it shall be 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

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statements made, in the light of the circumstances under which they were made, not misleading.

33. At all times relevant hereto, Respondent's untrue statements and omissions established a continuing course of business which was misleading. Respondent made false, material statements about how Customer A and B's money would be used and failed to disclose the substantial risk that payments would not be made as stated in Document A and B. Respondent then continued to make false, material statements by representing that he was starting to make payments to Customer A and that all matters had been resolved to her satisfaction. Respondent also failed to disclose to Customer A and B that he had failed to make payments and failed to disclose to Customer A that Customer B obtained a judgment against him.
34. By virtue of the foregoing, Respondent, Robert Lee Colvin, has violated Sections 12.F and 12.G of the Act.
35. Section 11.F(2) of the Act provides, *inter alia*, that the Secretary of State may temporarily prohibit or suspend, by an order effective immediately, the offer or sale or registration of securities or the offer or sale of securities by any person, without notice and prior hearing, if the Secretary of State in his or her opinion, based upon credible evidence, deems it necessary to prevent an imminent violation of the Act or to prevent losses to investors which the Secretary of State reasonably believes will occur as a result of a prior violation of the Act.
36. Based upon the foregoing, the Secretary of State deems it necessary, in order to prevent imminent and additional violations of the Act, and to prevent losses to investors as a result of the referenced prior violation of the Act, to enter an order pursuant to the authority granted under Section 11.F of the Act which prohibits Robert Lee Colvin from offering or selling securities in the State of Illinois.
37. Based upon the credible evidence available to the Secretary of State, the entry of this Temporary Order is in the public interest and is consistent with the purposes of the Act.

NOW THEREFORE, IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, Robert Lee Colvin is hereby PROHIBITED from offering or selling securities in or from the State of Illinois until further order of the Secretary of State.

NOTICE is hereby given that the Respondent may request a hearing on this matter by transmitting such request in writing to the Illinois Securities Department, 421 E. Capitol Ave., 2nd Floor, Springfield, Illinois 62701. Such request must be made within thirty (30) days of the date of entry of this Temporary Order. Upon receipt of a request for hearing, a hearing will be scheduled. A request for hearing will not stop the effectiveness of this Temporary Order, but

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will extend the effectiveness of this Temporary Order for sixty (60) days from the date the request is received by the Department.

FAILURE BY THE RESPONDENT TO REQUEST A HEARING WITHIN THIRTY (30) DAYS AFTER ENTRY OF THIS TEMPORARY ORDER SHALL CONSTITUTE AN ADMISSION OF ANY FACTS ALLEGED HEREIN AND CONSTITUTE SUFFICIENT BASIS TO MAKE THE TEMPORARY ORDER FINAL.

ENTERED: This *28th* day of *June*, 2016.



Jesse White
Secretary of State
State of Illinois

Attorney for the Secretary of State:

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