

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

IN THE MATTER OF:     JOHN MICHAEL "MIKE" FORD d/b/a     )  
                              REAL ESTATE-GOLD and JOHN     ) File No. 1600241  
                              MICHAEL "MIKE" FORD, individually.     )

**NOTICE OF HEARING**

TO THE RESPONDENT:

John Michael "Mike" Ford  
8718 Flint Ln.  
Orland Park, IL 60462

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5/1 *et seq.*] (the "Act") and Subpart K of the Rules and Regulations Under the Illinois Securities Law of 1953 [14 Ill. Adm. Code 130 *et seq.*] (the "Rules") a public hearing will be held at 421 E. Capitol Ave., 2<sup>nd</sup> Fl., Springfield, Illinois, 62701, on the 19<sup>th</sup> day of October, 2016 at the hour of 10:00 a.m. or as soon thereafter as counsel may be heard, before Jon K. Ellis or such other duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether an Order should be entered prohibiting the offer or sale of securities by John Michael "Mike" Ford in the State of Illinois and whether to grant such other relief as may be authorized under the Act, including, but not limited to, imposition of a monetary fine, pursuant to Section 11.E(4) of the Act, payable within ten (10) business days of entry of the Order.

The grounds for such proposed action are as follows:

1. Respondent, John Michael "Mike" Ford is an individual doing business as Real Estate-Gold and the President of Tempo Development Inc.
2. Tempo Development Inc. is a corporation registered in the State of Illinois.
3. Respondent's last known address is 8718 Flint Lane in Orland Park, Illinois.
4. In 2015, Respondent caused a website to be created at realestate-gold.com (the "website"). Respondent controlled the website and, at least, as of the date of this Notice of Hearing the website was still up and available to the public.

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5. Respondent stated on the website, "Real Estate-Gold is a professional real estate crowdfunding platform offering real estate developments to the general public that previously were (sic) only available to the wealthy and venture capitalists. Now You (sic) can invest directly in these quality developments."
6. Respondent stated on the website that the address for Real Estate-Gold was 11921 S. Hobart Street in Palos Park, Illinois (where Respondent previously lived).
7. Respondent listed on the website four current investment properties (collectively, the "Projects"): Lake Hillmoor Project, Birch Path Project, Parkside Square Project, and New Lenox, IL Project.
8. Respondent stated on the page for the Lake Hillmoor Project in Lake Geneva, Wisconsin that \$2,000,000 of \$8,500,000 had been raised and provided the following key points:
  - Offering Type: Debt
  - Total Projected Sales: \$22,900,000
  - Total Projected Costs: \$10,500,000
  - Total Projected Profit: \$12,400,000
  - Investor Return: 15%
  - Developer Equity: \$2,000,000
  - Funds to Raise Goal: \$8,500,000
  - Total Investment: \$10,500,000
9. Respondent further stated that the start date was November 2015 and the projected finish date was September 2017. The developer was Tempo Development, Inc.
10. Respondent stated on the page for the Birch Path Project in Lemont, Illinois that \$1,184,793 of \$1,184,793 had been raised and provided the following key points:
  - Offering Type: Debt
  - Total Projected Sales: \$5,508,000
  - Total Projected Costs: \$4,242,826
  - Total Projected Profit: \$1,265,174

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- Total Projected ROI: 30%
  - Investment Period: 9 - 12 months
  - Interest and Projected Preferred Profit Share: 15% interest
  - Developer Equity: \$390,877 (25%)
  - Funds to Raise Goal: \$1,184,793
  - Minimum Investment: \$5,000
11. Respondent further stated that the construction start date was Spring 2015 and the planned completion date was December 2015. Tempo Development, Inc. would build the homes.
12. Respondent stated on the page for the Parkside Square Project in Orland Park, Illinois that \$2,095,000 of \$2,095,000 had been raised and provided the following key points:
- Offering Type: Debt
  - Total Projected Sales: \$3,250,000
  - Total Projected Costs: \$2,095,000
  - Total Projected Profit: \$1,155,000
  - Total Projected ROI: 55%
  - Investment Period: 6 - 9 months
  - Interest and Projected Preferred Profit Share: 12% interest
  - Developer Equity: \$410,000 (20%)
  - Funds to Raise Goal: \$1,685,000
  - Total Investment: \$2,095,000
13. Respondent further stated that a contract was in place for the purchase of the lots after the completion of the site improvements. The construction start date for the improvements was July 2015 and the planned completion date was October 2015.

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14. Respondent identified the New Lenox, Illinois Project on the website as consisting of 28 single family homes, but no financial or construction information was provided.
15. Respondent also stated the following on the website:
  - A. More crowdfunding projects were coming soon;
  - B. "Real Estate-Gold has an account with a major financial institution that the investor will deposit their funds into;" and
  - C. The minimum investment was 10,000.
16. Respondent's unrestricted and publicly available website provided more than factual business information and, as a result, the website conditioned the public mind or aroused public interest in a securities offering.
17. Therefore, the information provided by Respondent on the website constituted an offer of securities using general solicitation.
18. Respondent failed to have any mechanisms in place to limit the offering to accredited investors (to qualify for a registration exemption) or to register the offered securities (to publically solicit unaccredited investors).
19. Respondent failed to have any account with a financial institution for investor funds.
20. Respondent also failed to disclose the following information on the website:
  - A. Real Estate-Gold and Tempo Development Inc. were affiliated entities.
  - B. Real Estate-Gold was not an intermediary funding portal.
  - C. Real Estate-Gold did not raise any funds for any of the Projects using crowdfunding or general solicitation.
  - D. All funding for the Projects was provided by Respondent, his partners, or bank loans.
  - E. The Lake Hillmoor Project became an impossibility, around or about January 2016, when the City of Lake Geneva denied the request made by Tempo Development, Inc. for an Amendment to the Comprehensive Plan, which would have allowed a change in zoning from Rural Holding to Planned Development for the necessary five parcels of land.
  - F. Respondent was no longer located at the Palos Park address.

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21. Section 12.D of the Act, provides, *inter alia*, that it shall be a violation of the Act 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.
22. 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.
23. Section 12.H of the Act provides, *inter alia*, that it shall be a violation of the Act to sign or circulate any statement, prospectus, or other paper or document pertaining to any security knowing or having reasonable grounds to know any material representation therein contained to be false or untrue.
24. Section 11.E(1) of the Act provides, *inter alia*, that if the Secretary of State finds that the offer or sale or proposed offer or sale or method of offer or sale of any securities by any person, whether exempt or not, in this State, is being offered or sold in violation of Section 12, or there has been a failure or refusal to submit any notification filing or fee required under the Act, the Secretary of State may by written order prohibit or suspend the offer or sale of securities by that person or deny or revoke the registration of the securities or the exemption from registration for the securities.
25. Section 11.E(4) of the Act provides, *inter alia*, that the Secretary of State, after finding that any provision of the Act has been violated, may issue an order of censure, charge costs of investigation, and impose a fine not to exceed \$10,000 for each violation of the Act.
26. By virtue of the foregoing, Respondent has violated Sections 12.D, F, and H of the Act.
27. By virtue of the foregoing, Respondent may be prohibited or suspended from offering or selling securities, fined, and censured pursuant to Section 11 of the Act.

You are further notified that you are required, pursuant to Section 130.1104 of the Rules, to file an answer to the allegations outlined above within thirty (30) days of receipt of this Notice. A failure to do so 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.

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You may be represented by legal counsel, present evidence, cross-examine witnesses, and otherwise participate. However, a failure to appear shall constitute default.

Delivery of Notice to the designated representative of a Respondent constitutes service upon such Respondent.

ENTERED: This 11<sup>th</sup> day of August, 2016.



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Jesse White  
Secretary of State  
State of Illinois

Attorney for the Secretary of State:

Shannon Bond  
Illinois Securities Department  
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Springfield, IL 62701  
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Hearing Officer:

Jon K. Ellis