

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: UNIVERSAL CAPITAL SOLUTIONS;
MASTER CAPITAL SOLUTIONS; AND FERRICE, FERNALI

File No. C1400188

AMENDED
NOTICE OF HEARING

TO THE RESPONDENTS: **UNIVERSAL CAPITAL SOLUTIONS**
17W240 22nd Street
Oakbrook Terrace, Illinois 60181

MASTER CAPITAL SOLUTIONS
17W240 22nd Street
Oakbrook Terrace, Illinois 60181

FERNALI FERRICE
17W240 22nd Street
Oakbrook Terrace, Illinois 60181

c/o Timothy F. Kohn
Law Office of Timothy F. Kohn
1301½ LaSalle Street
Ottawa, Illinois 61350

c/o Samuel K. Wyatt
Law Offices of Samuel K. Wyatt
2275 Nordic Court
Aurora, Illinois 60504-3238

You are hereby notified that pursuant to Section 15-45 of the Illinois Loan Brokers Act of 1995 [815 ILCS 175/15-1] (the "Act") and 14 Ill. Adm. Code 145, Subpart C, a public hearing will be held at 69 West Washington Street, Suite 1220, Chicago, Illinois 60602, on November 29, 2016, at the hour of 10:00 a.m. or as soon as possible thereafter, before Canella "Connie" Henrichs or such other duly designated Hearing Officer of the Secretary of State.

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Said hearing will be held to determine whether an Order shall be entered prohibiting Universal Capital Solutions Corporation, Master Capital Solutions and Fernali Ferrice from engaging in the business of loan brokering 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 15-55 of the Act, payable within ten (10) business days of the entry of the Order.

The grounds for such proposed action are as follows:

NATURE OF CASE

From May 2010 through present, Respondent Fernali Ferrice and his companies Universal Capital Solutions and Master Capital Solutions have defrauded individuals and companies, within the State of Illinois. Respondents solicited unsuspecting victims, through its website or word of mouth, who were seeking alternative financing for their respective businesses and/or organizations. The victims would pay a fee to Respondents in return, Respondents were to provide a depositor to fund a "qualified collateral" instrument, which was to be used as collateral to secure a larger loan through a lender to be identified or provided by Respondents.

In their scheme to defraud victims, once Respondents obtained the advanced fees from the individuals, several months and often years would pass, at which time Respondents would fail to provide the collateral instrument necessary to secure the multi-million dollar loans, ultimately resulting in the victims loans being denied by the lender. Respondents would provide the victim a multitude of reasons why the qualified collateral was never produced and often promised to find another lender and/or loan, in turn requiring the victims to pay additional fees.

1. Universal Capital Solutions Corporation ("Respondent Universal" or collectively with Respondents Master Capital Solutions and Fernali Ferrice, "Respondents") is an Illinois corporation with a last known principal address at 17W240 22nd Street, Oakbrook Terrace, Illinois 60181.
2. Master Capital Solutions ("Respondent Master" or collectively with Respondents Fernali Ferrice and Universal Capital, "Respondents" ") is an Illinois corporation with a last known principal address at 17W240 22nd Street, Oakbrook Terrace, Illinois 60181.
3. Fernali Ferrice ("Respondent Ferrice" or collectively with Respondent Universal Capital Solutions Corporation and Master Capital Solutions, "Respondents") is

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the President of Respondents Universal and Master. His last known address is 17W240 22nd Street, Oakbrook Terrace, Illinois 60181.

4. Complainants RG and BH are residents of the State of Illinois.

Complainant RG

5. In early 2010, Complainant RG met with Respondent Ferrice regarding applying for Respondent Master/Universal Structured Collateral Loan Program.
6. Respondent Ferrice told Complainant RG that Respondents would help him to secure a loan for his not for profit organization IMF by using Respondents' Structured Collateral Loan Program.
7. According to Complainant RG, Respondents told him that the Collateral Loan Program provides a depositor to fund a structured qualified collateral instrument, which would be used to give 100% financial security for a larger loan through a lending source that Respondents would identify.
8. On or about May 19, 2010, Complainant RG received a Term Sheet Approval from Respondents informing complainant that he had been "approved for a structured collateral loan program."
9. Complainant RG's requested loan amount indicated in Respondents' Term Sheet Approval was \$1,000,000.00 and the amount of the qualified instrument was indicated as "100% of capital requested."
10. On or about May 19, 2010, Complainant RG also received an invoice from Respondent Master/Universal indicating that \$12,000.00 was due, \$10,000 for "Approval Term Sheet and Commitment Letter Expense for Depositor, Qualified Instrument and Processing" and \$2,000 for "UCS per application Contract 20%."
11. Complainant RG signed and returned Term Sheet Approval letter to Respondents on or about June 1, 2010.
12. On or about June 1, 2010, Complainant RG paid to Respondents an advance fee of \$12,000:
13. On or about June 9, 2010, Complainant RG received a Commitment Letter from Respondents indicating Respondents' "[C]ommitment to provide depositor funds

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- to purchase an instrument as Capital Collateral Enhancement for a loan transaction.”
14. The Commitment Letter further indicated that Respondents “are committed to provide you with a depositor to fund the qualified instrument to be used as collateral” and program “will fund a qualified instrument to be used as Capital Collateral Enhancement for a loan transaction.”
 15. On or about August 6, 2010, nearly three months after applying for the program, Complainant RG received a letter from Respondents apologizing for delay in RG’s application and thanking him for submitting his documentation in a timely fashion. The letter also indicated that complainant’s loan request had been submitted to “various funding sources.”
 16. On or about August 13, 2010, Complainant RG received a letter from Respondents stating that Respondents were “awaiting final loan approval.” The letter also indicated that complainant’s loan request had been submitted to” various lenders for secondary(sic) loan approvals.”
 17. On or about October 15, 2010, nearly five months after applying for the program, Complainant RG received a letter from Respondents stating that they “require a letter to be prepared from my director in order to comply with the banks requirement to clarify the relationship between our company, the depositor, and your company. With respects to funding your project.”
 18. On December 10, 2010, nearly seven months after applying for the program, Complainant RG received a letter from Respondents stating that Respondents “are negotiating with a lender to secure your loan request but at this time we have not received any concrete feedback.”
 19. After multiple delays, Respondents then requested an additional application from Complainant RG because “investors wanted more information.”
 20. On or about June 17, 2013, more than three years after initially applying for the program, FB, comptroller for Complainant RG sent an email to a loan processor at Respondent Master/Universal responding to Respondents’ request for additional documentation; indicating that it had been three years since original application was submitted; and requesting \$12,000 fee be returned if the loan was not going to happen.
 21. On or about June 21, 2013, Complainant RG completed and submitted to Respondents an additional loan application at the request of Respondents.

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22. According to Complainant RG, Respondents continued to give multiple excuses for the delay in providing depositor for collateral loan necessary to secure the \$1,000,000 in financing.
23. To date, despite demands of Complainant RG, Respondents have failed to return advance fees paid by Complainant RG.

Complainant BH

24. In or around May 2013, Complainant BH met Respondent Ferrice through a business partner.
25. According to Complainant BH, Respondent Ferrice told him that Respondent could help him secure a loan for his business SGN.
26. Respondent Ferrice told Complainant BH that he would put up U.S. Treasury Notes as collateral for securing the loan from a lender Respondents would identify through Respondents' Structured Collateral Loan Program.
27. On or about May 13, 2013, Complainant BH completed an application with Respondents for the Structured Collateral Loan Program requesting \$2,000,000.00.
28. Respondent Ferrice initially told Complainant BH that he would help to secure a Two Million Dollar Loan in exchange for an application fee of \$1,250.00, with an additional \$15,000.00 fee to secure the loan through the Structured Collateral Loan Program.
29. According to Complainant BH, Respondent Ferrice told him that the Collateral Loan Program provides a depositor to fund a structured qualified collateral instrument which would be used to give 100% financial security for a larger loan through a lending source that Respondents would identify.
30. On or about May 17, 2013, Complainant BH received a Term Sheet Approval from Respondents informing complainant that he had been "approved for a structured collateral loan program."
31. The Term Sheet Approval indicated Complainant BH's requested loan amount as \$2,000,000.00 and the amount of the qualified instrument was indicated as "100% of capital requested."

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32. On or about May 17, 2013, Complainant BH also received an invoice from Respondent MCS/UCS indicating that \$15,000.00 was due, \$12,500 for "Commitment Fee" and \$2,500 for "20% Processing and underwriting Fee."
33. On or about May 17, 2013, Complainant BH's business partner wired to Respondents \$1250.00 of the Commitment Fee.
34. On or about May 17, 2013, Respondent Ferrice sent Complainant BH an email stating "we would approve your Project to Structure and Fund the Cash Collateral."
35. On or about July 30, 2013, Complainant BH signed and submitted Respondents' "Steps for the 'Structure Collateral Loan Program' In General Form".
36. On or about July 30, 2013, Complainant BH tendered to Respondents a check dated August 1, 2013 and made payable to Respondent Master, in the amount of \$11,500.00, with memo "Final Payment of Commitment Fee."
37. On or about September 10, 2013, nearly four months after applying for the program, Complainant BH sent an email to Respondent Ferrice requesting evidence of the Cash Collateral for the project.
38. On September 12, 2013, Complainant BH sent a second email to Respondent Ferrice requesting status of lender's request for evidence of cash collateral.
39. After several delays and excuses from Respondents for the delay, the cash collateral for the initial loan for two million dollars failed to be funded.
40. In October 2013, after the original loan for \$2 million fell through, Respondent Ferrice told Complainant BH that he could secure collateral and a loan for \$8,000,000.00 for an additional \$10,000.00 fee.
41. On or about October 14, 2013, Complainant BH received a second Term Sheet Approval from Respondents informing complainant that he had been "approved for a structured collateral loan program."
42. Complainant BH's requested loan amount listed in Respondents' second Term Sheet Approval was \$8,000,000.00; the amount of the qualified instrument was indicated as "100% of capital requested; and a deposit of \$18,500.00 was required.

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43. Complainant BH agreed only to pay an additional \$7,000.00 and Respondent Ferrice agreed to pay the remaining \$3,000.00.
44. On or about October 15, 2013, Complainant tendered to Respondents two payments in the amount of \$4,000.00 and \$3,000.00.
45. On or about October 18, 2013, Complainant BH signed and sent a letter of intent to Respondents for the new loan amount of \$8,000,000.00, purportedly to be financed through IABUDF.
46. On or about October 23, 2013, Complainant BH received a Commitment Letter from Respondents indicating the capital requested of \$8,000,000.00 and that Respondents' "[C]ommitment to provide depositor funds to purchase an instrument as Capital Collateral Enhancement for a loan transaction."
47. In early November, 2013, after further delays, Respondent Ferrice told Complainant BH that IABUDF allegedly had gone on a two month holiday and would not return until January 2014.
48. After Complainant BH voiced his objections to the even further delay, Respondent Ferrice told complainant that he had another lender that could commit to lending to Complainant BH, purportedly through Community South Commercial Capital LLC ("CSCC").
49. According to Complainant BH, he was told that CSCC could not meet the commitment for the original amount of \$8,000,000 but could approve a loan in the amount of \$4,000,000.
50. On or about November 15, 2013, Complainant BH sent an email to Respondent Ferrice stating "we have decided to go with the firm commitment from Community South rather than pursuing another non-firm commitment from an unknown entity."
51. On or about November 15, 2013, November 18, 2013 and November 19, 2013, Complainant BH sent emails to Respondents requesting the deposit to be sent to the lender, CSCC.
52. On or about November 19, 2013, Complainant BH sent an email to Respondent Ferrice requesting a statement documenting payments received by Respondents from SGN to date and proof of how the fund were spent since the collateral instrument had not materialized.

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53. On or about December 2, 2013, Complainant BH signed a "Notification of Intent to Fund" from Community South Commercial Capital LLC, Loan# 106A19", indicating that Complainant's company qualifies for funding \$4,000,000.00 and a \$10,000.00 pre-funding deposit.
54. Throughout December 2013, Complainant BH supplied Respondents and CSCC with additional documentation for approval of loan.
55. On or about December 31, 2013, the purported lender CSCC sent to Complainant BH an email requesting complainant to include the "value of the US Treasury Notes to be pledged" in his personal financial statement as well as Respondents to "determine the values associated and the cusip numbers to be assigned for pledging to the banks."
56. On or about January 1, 2014, Complainant BH forwarded the email to Respondents and in a separate email to Respondents requested the same.
57. On January 3, 2014, Complainant BH sent an email to Respondents asking "can you send me the US Treasury value and CUSIP numbers when back in the office?"
58. On or about January 10, 2014, Complainant BH sent an email to Respondents indicating that "nearly two weeks have passed without resolution to the request for cusip numbers for US Treasury Notes to be pledged."
59. On or about January 17, 2014 and January 20, 2014, Complainant BH sent an email to Respondents requesting an update for confirmation of deposit of funds to lender and assurance of acceptable demonstration of collateral instruments to be pledged.
60. On or about February 16, 2014, a purported representative of the lender CSCC sent an email to Respondents and Complainant BH requesting Respondents to send the following: "1. where the treasury held at this time (account name and number and where it will be sent from)"; "2. Contact name of person sending the Treasury"; "3. Value of the Treasury strip at 9am CST on Monday morning 2/17/14."; and "4. accurate description of the treasury strip (cusip number, original face, current face, factor applied to determine value ie: .488 of 1)."
61. On or about February 22, 2014, more than nine months after Complainant's initial application and after Respondents failed to secure collateral for the Structured Collateral Loan Program, Complainant BH demanded, in writing, the refund of the pre-funding deposit it had paid Respondents.

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62. Complainant BH never received a loan or the return of his advance good faith deposit from Respondents.
63. That the activities referenced at paragraphs 5 through 62 are the activities of a "Loan Broker" as that term is defined pursuant to Section 15-5.15 of the Illinois Loan Brokers Act of 1995 [815 ILCS 175/15-1 *et seq.*] (the "Act").

COUNT I
815 ILCS 175/15-85(a) violation:
Respondent employed a
scheme to defraud

- 1-63. The Illinois Secretary of State re-alleges and incorporates paragraphs 1 through 63 above, as paragraphs 1 through 63 of this Count I.
64. That Section 15-85(a) of the Act provides, *inter alia*, that a loan broker shall not, in connection with a contract for the services of a loan broker, either directly or indirectly (1) employ any device, scheme or article to defraud; (2) make any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of circumstances under which they are made, not misleading; (3) engage in any act, practice or course of business that operates or would operate as a fraud or deceit upon any person.
65. The facts alleged in paragraphs 1 through 64 above allege facts that show conduct by the Respondent that violate Section 15-85(a) of the Act. In particular: Respondents engaged in a scheme of soliciting individuals and charging upfront fees in exchange to secure purported "millions of dollars in lines of credits" for the victim. However, after multiple excuses and spurious delays by Respondents, the "guaranteed" collateral loans never materialized as Respondents promised.
66. That by virtue of the foregoing, Respondents, its Officers, Directors, Employees, Affiliates, Successors, Agents, Assigns, have violated Section 15-85(a) of the Act.

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COUNT II
815 ILCS 175/15-40(a)(3):
Revocation of registration of Respondent

- 1-63. The Illinois Secretary of State re-alleges and incorporates paragraphs 1 through 63 of Count I as paragraphs 1 through 63 of this Count II.
64. That Section 15-40(a)(3) of the Act provides, *inter alia*, that the registration of a loan broker may be denied, suspended or revoked if the Secretary of State finds that the loan broker has violated any provisions of this Act.
65. Paragraphs 1 through 64, above, allege facts that support revocation of Respondents registration as a loan broker. In particular, Respondents have engaged in a scheme of soliciting individuals and charging upfront fees in exchange to secure purported "millions of dollars in lines of credits" for the victim, violating Section 15-85 of the Act.

You are further notified that you are required pursuant to Section 145.400 of the Rules and Regulations (14 Ill. Adm. Code 145) (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 requested 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.

A copy of the Rules, promulgated under the Act and pertaining to hearings held by the Office of the Secretary of State, Securities Department, is included with this Notice.

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

Dated: This 27th day of October 2016.

JH



JESSE WHITE
Secretary of State
State of Illinois

Attorney for the Secretary of State:
Felicia H. Simmons-Stovall
Enforcement Attorney
Office of the Secretary of State
Illinois Securities Department
69 West Washington Street, Suite 1220
Chicago, Illinois 60602

Hearing Officer:
Canella Henrichs
Telephone: (708) 707-0422
canellah@aol.com