

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

IN THE MATTER OF: IRVING LEO BLACKMAN

No. 1500227

AMENDED NOTICE OF HEARING

TO RESPONDENT: IRVING LEO BLACKMAN  
545 W. Touhy Avenue  
Suite 6042 E  
Lincolnwood, Illinois 60712

And/or

3830 Estes  
Lincolnwood, Illinois 60712

c/o Tracy Stephenson  
Attorney at Law  
1400 N. LaSalle, Suite 3N  
Chicago, IL 60610

TO HEARING OFFICER: James L. Kopecky, Esq.  
Hearing Officer  
120 N. La Salle  
20<sup>th</sup> Floor  
Chicago, IL 60602

You are hereby notified that pursuant to Section 11.F and Section 12 of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act"), and 14 Ill. Adm. Code 130, subpart K, (including Sec. 130.1105) pursuant to the evidence presented at the public hearing previously conducted on June 14, 2017 before Hearing Officer James L Kopecky, Esq., the following Amended Notice of Hearing, is hereby submitted to comport with said evidence.

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Said Amended Notice of Hearing is submitted in the public interest to determine whether a permanent Order shall be entered prohibiting Respondent IRVING LEO BLACKMAN from offering or selling securities in or from 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 Sec. 11.E(4) of the Act, payable within ten (10) days of the Order.

The grounds for such proposed action are as follows:

1. IRVING LEO BLACKMAN (at times hereinafter "Blackman" or "Respondent") has a last known address of 4545 W. Touhy Avenue, Suite 602E, Lincolnwood, Illinois 60712; and or 3830 Estes, Lincolnwood, Illinois 60712.
2. In May 2015 Respondent was acting in Illinois as an attorney, accountant and investment advisor.
3. In approximately May 2015 Blackman solicited a Michigan client/investor ("Investor") to place \$1,600,000 with Respondent for investment purposes.
4. Respondent promised Investor that, prior to allowing any of Investor's funds to be invested, he would secure Investor's funds by placing them into a "pledged asset account".
5. Blackman advised Investor that only after the funds were secured in a pledged asset account would they be further dispersed into various investment enterprises.
6. On or about May 22, 2015 Investor wired \$1,600,000 to Respondent, for the purposes set forth above.
7. That the activities described in paragraphs 2, 3, 4, 5 and 6 above constitute the business of rendering investment advice to others, and acting as an "investment adviser", as that term is defined in Sec 2.11 of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act").
8. Alternatively, that the activities described in paragraphs 2, 3, 4, 5 and 6 above constitute the activities of a "person" as that term is defined in Sec 2.3 of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act").

**FRAUD I - (Sec 12.C)**

9. Respondent never placed any of the invested \$1,600,000 into a pledged asset account.

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10. Respondent's statement to Investor that the funds would be placed into a pledged asset account was untrue.
11. Respondent never disclosed to Investor that the funds would not be placed into a pledged asset account.
12. Rather than place the funds into a pledged asset account Respondent sent the entire \$1,600,000 to an individual in California who then dispersed the entire \$1,600,000 to various locations throughout the United States, and the world.
13. No portion of Investor's \$1,600,000 has been returned to him.
14. Investor has been defrauded of his entire investment of \$1,600,000.
15. Respondent's activities of failing to place Investors' funds into a pledged asset account as promised, and failing to disclose to Investor that the funds would not be placed into a pledged asset account have caused the loss of \$1,600,000.
16. Section 12.C of the Act provides, *inter alia*, that it shall be a violation for any person to act as an investment advisor except in accordance with the provisions of the Act.

**FRAUD II - (Sec 12.F)**

17. The Department hereby restates and re-alleges paragraphs 1-6 and 8-15 above as though fully restated here.
18. Respondent:
  - a) directed Investor to wire \$1,600,000 into Respondent's bank,
  - b) promised Investor that this money would be held in Respondent's bank, and then into a secure account ("Pledged Asset Account") until the Investor authorized Respondent to wire it out for securities purchases to be decided at later times, as opportunities arose,
  - c) received \$1,600,00, wired by Investor, into Respondent's bank account on 5/22/2015,
  - d) wired Investor's money 2-4 hours later on 5/22/2015 to an individual's bank account in California, although Investor never authorized Respondent to wire the funds from Respondent's bank to any person or entity.
  - e) failed to perform due diligence to determine that Investor's funds would be safe and secure with the California individual.

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19. The individual in California then further disbursed Investor's \$1,600,000 to several entities and/or persons, who then converted Investor's money to their own purposes.
20. Respondent knew, or should have known, that wiring Investor's funds to the individual in California, without Investor's consent was highly risky and a breach of Respondent's duty to Investor.
21. Respondent's statement that he would hold Investor's money secure until authorized by Investor to release the money – was a false representation.
22. Investor trusted Respondent, and relied upon this false representation to Investor's detriment.
23. By means of the foregoing, Respondent engaged with (an)other person(s) in a transaction(s), practice(s) or course(s) of business in connection with the sale or purchase of securities which worked or tended to work a fraud or deceit upon the Investor.
24. Section 12.F of the Act provides, *inter alia*, that it shall be a violation of the Act for any person 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.
25. By virtue of the foregoing, Respondent violated Sections 12.C and/or 12.F of the Act.

You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 Ill. Adm. Code 130) (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 represented 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.

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

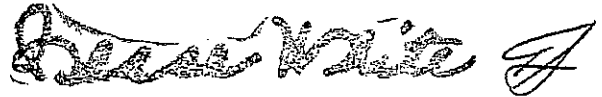
<http://www.cyberdriveillinois.com/departments/securities/lawrules.html>.

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

Dated: This 27<sup>th</sup> day of June 2017.

A handwritten signature in black ink, appearing to read "Jesse White", followed by a stylized flourish or initial.

JESSE WHITE  
Secretary of State  
State of Illinois

James J. Tierney  
Illinois Securities Department  
69 W. Washington St.  
Suite 1220  
Chicago, Illinois 60602  
Telephone: (312) 793-9650