

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

IN THE MATTER OF: K2 Design & Strategy, Inc.
and George C. Pell

File No. 14-00337

NOTICE OF HEARING

TO RESPONDENT:

George C. Pell
14047 Persimmon Dr.
Orland Park, Illinois 60467

K2 Design & Strategy, Inc.
C/o George C. Pell
14047 Persimmon Dr.
Orland Park, Illinois 60467

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 3rd day of April 2018 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 Respondent George C. Pell (hereinafter "Pell") was an individual whose last known address is 14047 Persimmon Drive, Orland Park, Illinois 60467.
2. That Pell was an Illinois resident during all times relevant.
3. That Respondent K2 Design & Strategy, Inc. (hereinafter "K2 Design") was incorporated in the State of Delaware on February 14, 2014. It currently has a status of dissolved.

Notice of Hearing

2

4. That K2 Design held itself out as a computer software company with a focus on artificial intelligence. Respondent Pell was its CEO.
5. That Respondent Pell sold common shares of K2 Design to Illinois residents including Investor A.
6. That in July 2014 Investor A invested \$10,450 in K2 Design and was issued 2,200 common shares of the company in August of 2014.
7. That Respondent Pell told Investor A that he was offering the shares referenced above at a discount and that an IPO of K2 Design stock was planned for September 2014. It was not disclosed to Investor A that there was a substantial risk that the IPO would not happen and in fact it never did. Investor A was not informed of the substantial cash flow issues K2 Design was experiencing at the time and that its ability to continue as a going concern was in question.
8. Investor A demanded the investment back from Respondent Pell and as of the date of this order has not received it.
9. That Investor A was not an accredited as that term is defined in the Section 4.H of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act").
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 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.
12. 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.
13. 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.
14. That by virtue of the foregoing, the Respondents have violated Sections 12.A, 12.F and 12.G of the Act.

Notice of Hearing

3

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 31st day January 2018



JESSE WHITE
Secretary of State
State of Illinois

Attorney for the Secretary of State:
Gregory J. Solberg
69 West Washington Suite 1220
Chicago, Illinois 60602
(312) 793-9643

Hearing Officer:
James L. Kopecky
KOPECKY, SCHUMACHER & BLEAKLEY, P.C.
203 N. LaSalle St. Suite 1620
Chicago, IL 60601
312-380-6552