

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

))
IN THE MATTER OF: ANDREW PAISLEY; AND))
PAISLEY ENTERTAINMENT LLC))

File No. C1700203

NOTICE OF HEARING

TO THE RESPONDENTS: PAISLEY ENTERTAINMENT LLC
c/o Andrew Paisley
2922 N. Mango
Chicago, Illinois 60634

ANDREW PAISLEY
2922 N. Mango
Chicago, Illinois 60634

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5/1] (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 5th day of September, 2018 at the hour of 10:00 a.m. or as soon as possible thereafter, before, James L. Kopecky, 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 prohibiting Paisley Entertainment LLC and Andrew Paisley (the "Respondents") from offering, advising the sale of, and selling 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(4) 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 THE CASE

Between August 2001 and November 2015, Respondent Andrew Paisley was incarcerated in Illinois, during which time he met and befriended his victims or their family members. From November 2015 through February 2017, Respondents Andrew Paisley and Paisley Entertainment LLC defrauded several unsuspecting individuals within the State of

NOTICE OF HEARING

-2-

Illinois, in a scheme whereby Respondent Paisley misrepresented that he was a former financial analyst at Merrill Lynch prior to his incarceration. The victims gave Respondents funds to be invested in the stock market which Respondent used to gamble, to pay other investors or for his own personal benefit and gain.

BACKGROUND FACTS

1. Paisley Entertainment LLC ("Respondent Paisley LLC" or collectively with Respondent Andrew Paisley, "Respondents") last known address is 2922 N. Mango, Chicago, Illinois 60634.
2. At all relevant times herein, Respondent Paisley LLC was purportedly in the entertainment business and promoted concerts in the Chicagoland area.
3. Andrew Paisley ("Respondent Paisley" or collectively with Respondent Paisley LLC, "Respondents") last known address is 2922 N. Mango, Chicago, Illinois 60634.
4. At all relevant times herein, Respondent Paisley held himself out to have worked as a financial analyst and investment advisor. There is no record of Respondent Paisley being registered to offer or sell securities or offer investment advice.
5. Investors BM, TV, BS and WE are Illinois residents.
6. Respondent Paisley befriended WE, TV and the son of BM while they were incarcerated.

Investor BM

7. In or around December 2015, shortly after being released from prison, Respondent Paisley contacted BM to "thank" her for sending investment books to her son while they both were incarcerated. Thereafter, Respondent Paisley telephoned BM every Monday to talk about "life in general." According to BM, Respondent Paisley told her that he had been a very successful stock trader in Chicago and New York.
8. In early 2016, Investor BM met with Respondent Paisley who attempted to persuade her to invest in an entertainment venture. Investor BM told Respondent Paisley that she was not interested in any types of investments in the entertainment industry.
9. In or around February 2016, Investor BM again met with Respondent Paisley when Paisley offered BM an opportunity to invest \$5,000.00 in the stock market

NOTICE OF HEARING

-3-

for a short period of time with the "guarantee" to receive \$1,250.00 per month for three (3) months, with the initial investment also to be returned in the third month on June 1, 2016.

10. On or about February 26, 2016, Investor BM and Respondent Paisley entered into the above-referenced agreement and Investor BM tendered to Respondent Paisley a cashier's check made payable to Respondent Paisley, in the amount of \$5,000.00, which was deposited into Paisley's Chase bank account.
11. In or around May 2016, Respondent Paisley again persuaded Investor BM to invest an additional \$25,000.00 in "the stock market." Respondent Paisley promised Investor BM an opportunity to invest \$25,000.00 in the stock market for a short period of time, "guaranteed" to receive \$6,250.00 per month for three (3) months, with the initial investment also to be returned in the third month on August 16, 2016.
12. On or about May 12, 2016, Investor BM and Respondent Paisley entered into the above-referenced agreement and Investor BM tendered to Respondent Paisley a cashier's check, made payable to Respondent Paisley, in the amount of \$25,000.00, which was deposited into Respondent Paisley's Chase bank account.
13. In or around June 2016, Respondent Paisley approached Investor BM with a third and "final" opportunity. According to Investor BM, Respondent Paisley recommended that she reinvest her previous investment of \$25,000.00 and suggested that Investor BM to invest an additional \$75,000.00.
14. Respondent Paisley persuaded Investor BM to invest \$100,000.00 for three months with Respondent Paisley Entertainment. Respondent Paisley promised Investor BM an opportunity to invest the \$100,000.00 for a short period of time and "guaranteed" to receive \$25,000.00 per month for three (3) months, with the initial investment also to be returned in the third month on September 22, 2016.
15. On or about June 20, 2016, Investor BM and Respondent Paisley entered into the above-referenced agreement and Investor BM tendered to Respondent Paisley cashier's checks and money orders made payable to Respondent Paisley in totaling \$75,000.00, which was deposited into Respondent Paisley's Chase bank account.
16. Between February 2016 and June 2016, Investor BM tendered a total of \$105,000.00 to Respondent Paisley to be invested in the "stock market". All of the respective funds were deposited into Respondent Paisley's Chase bank account.
17. To date, according to Investor BM, she has been repaid a total of \$46,250.00.

NOTICE OF HEARING

-4-

Investor TV

18. Investor TV and Respondent Paisley were cellmates while they were incarcerated at Dixon Correctional Center. During this time, Respondent Paisley told Investor TV that he had worked for Merrill Lynch as a financial analyst prior to being incarcerated.
19. In March 2016 after their release, Respondent Paisley contacted Investor TV to inform TV that he purportedly was starting his own investment firm and was currently working at the "Board of Trade" with investments and conducting liquidation sales.
20. In or around March 2016, Investor TV met with Respondent Paisley where Paisley offered TV an opportunity to invest \$25,000.00 in "stock or liquidation sales" for a short period of time and "guaranteed" to receive \$10,000.00 per month for three (3) months, with the initial investment also to be returned in the third month, on June 28, 2016.
21. On or about March 19, 2016, Investor TV and Respondent Paisley entered into the above-referenced agreement and Investor TV tendered to Respondent Paisley and Investor TV tendered to Respondent Paisley a cashier's check in the amount of \$25,000.00, made payable to Respondent Paisley, which was deposited into Respondent Paisley's Chase bank account.

Investor BS

22. Investor BS was introduced to Respondent Paisley through her husband, Investor WE. According to Investor BS, Respondent Paisley told her that he was an investment advisor prior to going to prison and that he was also a concert promoter.
23. In or around May 2016, Investor BS met with Respondent Paisley where Paisley offered BS an opportunity to invest \$5,000.00 for a short period of time and "guaranteed" to receive \$1,250.00 per month for three (3) months, with the initial investment also to be returned in the third month on August 17, 2016.
24. On or about May 13, 2016, Investor BS and Respondent Paisley entered into the above-referenced agreement and Investor BS tendered to Respondent Paisley a cashier's check for the \$10,000.00; \$5,000.00 to be used as her investment with Respondents and \$5,000.00, to be used as investment for her husband, Investor WE.
25. Investor BS invested a total of \$5,000.00 with Respondent Paisley.

NOTICE OF HEARING

-5-

26. To date, according to Investor BS, she has been repaid a total of \$6,500.00.

Investor WE

27. Investor WE met Respondent Paisley while they were incarcerated. Respondent Paisley told Investor WE that he had worked for Merrill Lynch prior to being incarcerated.
28. In or around May 2016, after their release from prison, Respondent Paisley contacted Investor WE to arrange a meeting with WE to discuss possible investment opportunities in Respondent Paisley LLC.
29. In or around May 2016, Investor WE met with Respondent Paisley where Paisley offered WE an opportunity to invest \$15,000.00 for a short period of time and receive \$3,750.00 per month for three (3) months, with the initial investment also to be repaid in the third month, on August 17, 2016.
30. On or about May 13, 2016, Investor WE and Respondent Paisley entered into the above-referenced agreement and Investor WE tendered to Respondent Paisley an additional cashier's check in the amount of \$10,000.00, made payable to Respondent Paisley, which was deposited into Respondent Paisley's Chase bank account.
31. Investor WE invested a total of \$15,000.00 with Respondent Paisley.
32. To date, according to Investor WE, he has been repaid \$8,750.00.
33. Respondents' activities described above, constitute the offer and sale of investment contracts, and therefore are securities, as those terms are defined in Section 2.1, 2.5 and 2.5a of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*
34. Between February 2016 and May 2016, Respondent Paisley swindled his victims out of approximately \$150,000.00.
35. Between February 2016 and May 2016, Respondent Paisley withdrew \$26,899.00 from ATM from the Chase account in which investors' funds were deposited and spent \$28,500.00 with a gambling and horse racing company and \$45,400.00 with an online betting company after the funds had been deposited into the account.
36. Additionally, between February 2016 and May 2016, Respondent Paisley withdrew approximately \$94,150.00 from the Chase account in which investors' funds were deposited.

NOTICE OF HEARING

-6-

COUNT I

815 ILCS 5/12.A and D violations: Respondents acted as unregistered investment adviser and/or investment adviser representative

- 1-36. The Illinois Secretary of State re-alleges and incorporates paragraphs 1 through 36 above, as paragraphs 1 through 36 of this Count I.
37. Section 12.A of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, (the "Act") states that it shall be a violation of the provisions of this Act for any person to "offer or sell any security except in accordance with the provisions of this Act."
38. Section 5 of the Act provides, *inter alia*, that all securities except those exempt under Section 3 of the Act or those offered and sold in transactions exempt under Section 4 of the Act shall be registered with the Secretary of State prior to their offer or sale in the State of Illinois.
39. Section 12.D of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, states that it shall be a violation of the provisions of the Act for any person to "fail to file with the Secretary of State any application, report or document under the provisions of this Act or any rule or regulation made by the Secretary of State pursuant to this Act or to fail to comply with the terms of any order of the Secretary of State issued pursuant to Section 11 hereof.
40. Respondents failed to file an application for registration of the above-referenced securities with the Secretary of State and as a result, the securities were not registered pursuant to Section 5 of the Act prior to their offer and sale in the State of Illinois.
41. By virtue of the foregoing, Respondents violated Sections 12.A and 12.D of the Act.

COUNT II

815 ILCS 5/12.C violation: Respondent is an unregistered salesperson

- 1-36. The Illinois Secretary of State re-alleges and incorporates paragraphs 1 through 36 of Count I, as paragraphs 1 through 36 of this Count II.
37. The activities of Respondents at paragraphs 6-30 constitute the activities of a salesperson as defined at Section 2.9 of the Act.

NOTICE OF HEARING

-7-

38. Section 12.C of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, (the "Act") states that it shall be a violation of the provisions of this Act for any person to "act as a dealer, salesperson, investment adviser, or investment adviser representative, unless registered as such, where such registration is required, under the provisions of this Act."
39. Section 8 of the Act provides, inter alia, that except as otherwise provided, every dealer, limited Canadian dealer, salesperson investment adviser, and investment adviser representative shall be registered as such with the Secretary of State.
40. The facts alleged in paragraphs 1 through 33, demonstrate that Respondents violated Section 12.C of the Act. In particular: Respondents failed to file an application for registration as a salesperson with the Secretary of State, pursuant to Section 8 of the Act prior to the sale of securities to investors.
41. By virtue of the foregoing, Respondents violated Section 12.C of the Act.

COUNT III

**815 ILCS 5/12.F violation: Respondents engaged
in practices in connection with the sale of securities
that worked a fraud or deceit on the purchaser thereof**

- 1-36. The Illinois Secretary of State re-alleges and incorporates paragraphs 1 through 36 of Count I, as paragraphs 1 through 36 of this Count III.
37. Section 12.F of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, states that it shall be a violation of the provisions 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." 815 ILCS 5/12.F.
38. The facts alleged in paragraphs 1 through 37 above allege facts that show conduct by the Respondents that violate Section 12.F of the Act. In particular: Respondent Paisley never invested the investors' funds in the manner in which was agreed or for the benefit of investor but instead used the funds for gambling and his own expenses/entertainment and thus converted funds for his own personal use and benefit.

NOTICE OF HEARING

-8-

COUNT IV

**815 ILCS 5/12.G violations: Respondents obtained
Complainants' money by making untrue statement of material fact
and omission to state a material fact**

- 1-36. The Illinois Secretary of State re-alleges and incorporates paragraphs 1 through 36 of Count I, as paragraphs 1 through 36 of this Count IV.
37. Section 12.G of the Act provides, *inter alia*, that it shall be a violation of the Act for any person, "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 light of the circumstances under which they were made, not misleading". 815 ILCS 5/12.G.
38. The facts alleged in paragraphs 1 through 37 above allege facts that show conduct by the Respondents that violate Section 12.G of the Act. In particular: Respondent Paisley misled the investors into believing that he had once worked for Merrill Lynch as a financial analyst and their monies would be invested in the stock market. Instead used the funds for gambling and his own expenses/entertainment, thus converting the funds for his own personal use and benefit.

COUNT V

**815 ILCS 5/12.H violations: Respondents signed or
circulated statement or other paper or document pertaining
to any security knowingly or having reasonable grounds to know any
material representation therein contained to be
false or untrue**

- 1-36. The Illinois Secretary of State re-alleges and incorporates paragraphs 1 through 36 of Count I, as paragraphs 1 through 36 of this Count V.
37. Section 12.H of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, (the "Act") states that it shall be a violation of the provisions of this Act for any person to "sign or circulate any statement, prospectus, or other paper or document required by any provision of this Act or pertaining to any security knowing or having reasonable grounds to know any material representation therein contained to be false or untrue."
38. The facts alleged in paragraphs 1 through 37 above allege facts that show conduct by the Respondents that violate Section 12.H of the Act. In particular: Respondent Paisley, on behalf of Respondent Paisley LLC, tendered to investors

NOTICE OF HEARING

-9-

an "Investment Agreement" guaranteeing profits on investor's funds and return of initial monies within a specified time period. Respondents failed to return either the investors' funds or pay the "guaranteed" profits. Instead used the funds for gambling and his own expenses/entertainment, personal use and benefit.

COUNT VI

815 ILCS 5/12.I violation: Respondent employed a scheme to defraud in connection with the sale of securities

- 1-36. The Illinois Secretary of State re-alleges and incorporates paragraphs 1 through 36 of Count I, as paragraphs 1 through 36 of this Count VI.
37. Section 12.I of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, states that it shall be a violation of the provisions of the Act for any person to "employ any device, scheme or artifice to defraud in connection with the sale or purchase of any security, directly or indirectly."
38. The facts alleged in paragraphs 1 through 37 above allege facts that show conduct by the Respondents that violate Section 12.I of the Act. In particular: Respondents solicited and sold securities in the form of investment contracts to Complainants and purported their funds would be invested in the stock market. Instead, Respondents converted Complainants' money for Respondents' own personal use and benefit. Particularly, Respondent Paisley used the funds for gambling and his own expenses/entertainment.

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 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.

NOTICE OF HEARING

-10-

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

Dated: This 17th day of July 2018.



JESSE WHITE
Secretary of State
State of Illinois

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