

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

IN THE MATTER OF:

John T. Kelly,

Michael P. Courtney,

**Carrowmore Builders and its
partners, members, officers, directors,
successors, and assigns.**

File Number: 0900500

CONSENT ORDER OF PROHIBITION

TO THE RESPONDENT:

John T. Kelly
5717 W. 88th Place
Oak Lawn, IL 60453

Carrowmore Builders, Inc.
3400 W. 111th St. Suite 222
Chicago, IL 60655

WHEREAS, Respondent John T. Kelly, personally and on behalf of Carrowmore Builders, Inc., on the 29th day of April, 2011 executed a certain Stipulation to Enter Consent Order of Prohibition ("the Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, John T. Kelly and Carrowmore Builders, Inc. have admitted to the jurisdiction of the Secretary of State and service of the Notice of Hearing of the Secretary of State, Securities Department, dated April 15, 2010, in this proceeding (the "Notice") and have consented to the entry of this Consent Order of Prohibition ("Consent Order").

WHEREAS, by means of the Stipulation, John T. Kelly and Carrowmore Builders have acknowledged that the following Findings of Fact and Conclusions of Law are intended to be a final determination of the issues in this case and have admitted to the truth thereof. Furthermore, John T. Kelly and Carrowmore Builders, Inc. agree that they shall be estopped from making arguments contrary to the Findings of Fact and Conclusions of Law in any collateral proceeding(s). The following shall be adopted as the Secretary of State's Findings of Fact:

FINDINGS OF FACT

COUNT I

FRAUD IN THE OFFER AND SALE OF SECURITIES

1. Respondent **John T. Kelly** ("Kelly") is a natural person whose residential address is 5717 W. 88th Place, Oak Lawn, IL 60453. Kelly is the President of Carrowmore Builders, Inc.
2. Respondent **Michael P. Courtney** ("Courtney"), is a natural person whose residential address is 10524 S. Maplewood Ave., Chicago, IL 60655. Michael Courtney was a manager of Carrowmore Builders, Inc.
3. Respondent **Carrowmore Builders, Inc.** ("Carrowmore Builders") is an entity incorporated on August 2, 2006 with a last known business address of 3400 W. 111th St. Suite 222, Chicago, IL 60655.
4. Prior to investing with Respondents, Respondent Kelly approached Investor "SS" to invest in buildings that Kelly and Courtney purportedly planned to build and/or refurbish and sell within one year.
5. On November 20, 2006, Respondents Kelly and Courtney offered and sold to Investor "SS" an investment opportunity in Carrowmore Builders. The investment offered was a promissory note.
6. Under the terms of the promissory note, Investor "SS" was to pay \$100,000 to John Kelly and Michael Courtney. After one year, Investor "SS" would receive his principal investment of \$100,000 back, in addition to \$60,000 worth of interest.
7. On November 20, 2006, Respondent Kelly executed the promissory note.
8. On November 20, 2006, Investor "SS" remitted \$100,000 in the form of a check made payable to Carrowmore Builders.
9. To this date, Investor "SS" has not received any funds from Respondents due to him per the terms of the promissory note.

COUNT II

FRAUD IN THE OFFER AND SALE OF SECURITIES

10. At all relevant times, Investors CG and EG (collectively, "the Investors") were residents of Illinois.
11. Prior to investing with Respondents, Investors "CG" and "EG" unexpectedly received life insurance proceeds after their son was killed in Iraq while serving in the military.

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Respondent Kelly had a social relationship with the Investors and was aware that the Investors received those proceeds.

12. On January 6, 2007 in Chicago, Illinois, Respondents Kelly and Courtney offered and sold an investment opportunity in Carrowmore Builders to the Investors "CG" and "EG". The investment offered was a promissory note.
13. Under the terms of the promissory note, Investors "CG" and "EG" were to pay \$100,000 to John Kelly and Michael Courtney. After one year, the Investors would receive their principal investment of \$100,000 back, in addition to \$60,000 worth of interest.
14. On January 6, 2007 Respondent Kelly executed the promissory note.
15. On January 11, 2007, Investors "CG" and "EG" remitted \$100,000 in the form of a check made payable to Carrowmore Builders.
16. Respondent Kelly represented to both Investor "SS" and Investors "CG" and "EG" that their investment of \$100,000 would be applied towards Carrowmore Builders' business activities.
17. To the contrary, on January 17, 2007, six days after Investors "CG" and "EG" remitted \$100,000 to the Respondents, Respondents issued a check for \$75,000 to Respondent Kelly's brother Patrick Kelly, an individual unrelated to the business activities of Carrowmore Builders.
18. When the promissory note came due on January 6, 2008, Respondents failed to pay the amount due on the note.
19. Rather, approximately five months after the note matured, on June 5, 2008, Respondents tendered a partial payment of \$20,000 to Investors "CG" and "EG".
20. On September 15, 2009, Respondents issued one additional check to Investors "CG" and "EG" in the amount of \$200. Respondents have not tendered any other payments to the Investors "CG" and "EG" since September 15, 2009.
21. On March 17, 2009, Investor "CG" filed a lawsuit against Respondent John Kelly in the Law Division of the Circuit Court of Cook County, Case number 2009-L-003212.
22. 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.
23. Section 12.F of the Act provides that it shall be a violation of the provisions of this 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.

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24. Section 12.G of the Act states that it shall be a violation of the provisions of this 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.
25. Section 12.I of the Act provides that it shall be a violation of the provisions of this 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.

COUNT III
FAILURE TO REGISTER SECURITIES

26. Section 5 of the Act provides, *inter alia*, that all securities except those exempt under Section 3 or those offered or sold in transactions exempt under Section 4 “shall be registered either by coordination or by qualification prior . . . to their offer or sale” in the State of Illinois.
27. Respondents failed to file with the Secretary of State an application for registration of the securities described above as required by the Act and, as a result, the securities were not registered pursuant to Section 5 of the Act prior to their offer in the State of Illinois.
28. 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.”
29. Section 12.D of the Act provides, *inter alia*, that it shall be a violation 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.”

CONCLUSIONS OF LAW

WHEREAS, by means of the Stipulation, John T. Kelly and Carrowmore Builders have acknowledged that the following shall be adopted as the Secretary of State’s Conclusions of Law and have admitted to the truth thereof:

1. The activities described above constitute the issuance of a note, and therefore an offer and sale of a security, as those terms are defined in Sections 2.1, 2.5, and 2.5a of the Illinois Securities Law of 1953 [815 ILCS 5/1 *et. seq.*] (the “Act”).
2. John T. Kelly and Carrowmore Builders violated Sections 12.A, 12.D, 12.F, 12.G, and 12.I of the Act.
3. John T. Kelly and Carrowmore Builders are prohibited from offering or selling any securities.

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4. John T. Kelly and Carrowmore Builders are prohibited from offering investment advice.
5. John T. Kelly and Carrowmore Builders acknowledge and agree that they are jointly and severally liable to Investors "CG" and "EG" for \$80,000 and that the promissory note sold to Investors "CG" and "EG" is subject to the rescission remedies available under Chapter 13 of the Act.
6. John T. Kelly and Carrowmore Builders acknowledge and agree that they are jointly and severally liable to Investor "SS" for \$100,000 and that the promissory note sold to Investor "SS" is subject to the rescission remedies available under Chapter 13 of the Act.
7. John T. Kelly and Carrowmore Builders acknowledge and agree to the judgment entered in Case number 2009-L-003212 of the Law Division of the Circuit Court of Cook County.

WHEREAS, by means of the Stipulation, John T. Kelly, both personally and on behalf of Carrowmore Builders has acknowledged and agreed that the obligations set forth in paragraphs 4 and 5 of the Conclusions of Law of this Consent Order are not subject to discharge in any bankruptcy proceedings pursuant to 11 U.S.C. § 523(a) 19. Respondent John T. Kelly and Carrowmore Builders shall be estopped from seeking such relief.

NOW THEREFORE, IT IS HEREBY ORDERED THAT:

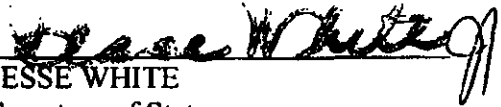
1. John T. Kelly and Carrowmore Builders are prohibited from offering or selling securities.
2. John T. Kelly and Carrowmore Builders are prohibited from offering investment advice.
3. John T. Kelly and Carrowmore Builders are jointly and severally liable to Investors "CG" and "EG" for \$80,000 and that the promissory note sold to Investors "CG" and "EG" is subject to the rescission remedies available under Chapter 13 of the Act.
4. John T. Kelly and Carrowmore Builders are jointly and severally liable to Investor "SS" for \$100,000 and that the promissory note sold to Investor "SS" is subject to the rescission remedies available under Chapter 13 of the Act.
5. John T. Kelly is liable for the judgment entered against him in Case number 2009-L-003212 of the Law Division of the Circuit Court of Cook County.
6. John T. Kelly shall be estopped from seeking relief from the obligations set forth in paragraphs 4 and 5 of the Conclusions of Law of this Consent Order through any bankruptcy proceedings pursuant to 11 U.S.C. § 523(a) 19.

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7. The Notice of Hearing dated April 15, 2010, as it relates to Respondent John T. Kelly, is dismissed without further proceedings.

Entered: This 29th day of April, 2011.


JESSE WHITE
Secretary of State
State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12.D of the Act. Any person or entity who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of the Order shall be guilty of a Class 4 Felony.

Attorney for the Secretary of State:
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