

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

IN THE MATTER OF:)

GREGORY BARBECK (CRD # 4451358),)
STANLEY KUCZYNSKI (CRD # 5717490),)
and QBITI, LLC.)

FILE NO. 1700771

NOTICE OF HEARING

TO THE RESPONDENTS: Gregory Barbeck
1760 W. Wrightwood Ave., Apt. 112
Chicago, Illinois 60614

QBITI, LLC
6351 W. Montrose Ave., #115
Chicago, Illinois 60634

Stanley Kuczynski
5028 W. Lawrence Ave., Floor 2
Chicago, Illinois 60630

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 **November 19, 2018**, at **10:00 a.m.**, or as soon as possible thereafter, before Hearing Officer James 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 to permanently prohibit Gregory Barbeck, QBITI, LLC, and Stanley Kuczynski ("Respondents") from 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 Section 11.E(4) of the Act.

The grounds for such proposed action are as follows:

BACKGROUND

1. Respondent Gregory Barbeck ("Barbeck") is an individual and resident of Illinois residing at 1760 W. Wrightwood Ave., Apt. 112, Chicago, Illinois 60614.

Notice of Hearing

-2-

2. Barbeck passed his Series 6 exam in 2001, and as such is familiar with the registration requirements to recommend and sell securities. He was previously a registered Salesperson in the State of Ohio from 2002 to 2004. He is not and was never registered with the State of Illinois to recommend or sell securities.
3. Respondent QBITI, LLC ("QBITI"), is an Illinois limited liability company with a last known principal office of 6351 W. Montrose Ave., #115, Chicago, Illinois 60634.
4. At all relevant times herein, Barbeck acted as the President and CEO of QBITI.
5. Barbeck markets QBITI as a software company that services the financial services industry as "an industry-wide financial sales, service, and marketing platform with data that lives 100% in the cloud."
6. Respondent Stanley Kuczynski ("Kuczynski" or collectively with Barbeck and QBITI, the "Respondents") is an individual and resident of Illinois residing at 5028 W. Lawrence Ave., Floor 2, Chicago, Illinois 60630.
7. Kuczynski passed the Series 6 and Series 63 examinations in 2010, and as such he is familiar with the registration requirements to recommend and sell securities. He was previously registered as a Salesperson with the State of Illinois as a Salesperson from 2010 to 2013; with the State of Louisiana from 2011 to 2013; with the State of Michigan from 2012 to 2013; and with the State of Ohio from 2012 to 2013.
8. At all times relevant herein, Kuczynski acted as an agent of QBITI.
9. From 2015 to present, Barbeck and Kuczynski, personally and through QBITI, offered "Non-Convertible Bonds" issued by QBITI.
10. Respondents disseminated materials and information to Illinois investors in a "QBITI Investor Presentation."
11. In 2015, Barbeck recommended and sold several QBITI "Non-Convertible Bonds" totaling \$67,150.00 to Investors A and B, a husband and wife and Illinois residents. The bonds had maturity dates in the year 2020 and interest rates exceeding 10.00%.
12. In 2015, Kuczynski recommended and sold a QBITI "Non-Convertible Bond" for \$91,113.34 to Investor C, an Illinois resident. The bond had a maturity date in the year 2020 and an interest rate of 12.00%.
13. In 2016, Kuczynski recommended and sold a QBITI "Non-Convertible Bond" for \$70,000.00 to Investor D, an Illinois resident. The bond had a maturity date in the year 2020 and an interest rate of 12.00%.

COUNT I
FRAUD IN THE OFFER AND SALE OF SECURITIES

14. Following the sale of QBITI non-convertible bonds, very little, if any, of the sales proceeds went toward the operation of QBITI. Instead, the vast majority of investor money was used to pay Barbeck and Kuczynski. For example:

a. A QBITI corporate bank account was opened in August of 2015. From August of 2015 to February of 2016, at least \$183,000.00 of investor funds were deposited into the account. From August of 2015 through December of 2016, there were additional deposits of \$24,130.14 unrelated to the investors or business. Out of the \$207,130.14 of funds deposited into the account, \$117,300.00 was used to make payments to Barbeck and Kuczynski. The payments were made as follows:

- i. \$2,000.00 to Barbeck on 9/14/15
- ii. \$2,000.00 to Barbeck on 9/24/15
- iii. \$1,500.00 to Barbeck on 10/2/15
- iv. \$1,000.00 to Barbeck on 10/5/15
- v. \$1,000.00 to Barbeck on 10/9/15
- vi. \$500.00 to Barbeck on 10/15/15
- vii. \$3,000.00 to Barbeck on 10/28/15
- viii. \$600.00 to Barbeck on 11/24/15
- ix. \$2,500.00 to Barbeck on 11/30/15
- x. \$2,000.00 to Barbeck on 12/3/15
- xi. \$1,000.00 to Barbeck on 12/7/15
- xii. \$2,000.00 to Barbeck on 12/8/15
- xiii. \$2,500.00 to Barbeck on 12/10/15
- xiv. \$2,000.00 to Barbeck on 12/14/15
- xv. \$4,000.00 to Barbeck on 12/28/15
- xvi. \$3,500.00 to Kuczynski on 1/4/16
- xvii. \$2,500.00 to Barbeck on 1/4/16
- xviii. \$2,500.00 to Barbeck on 1/18/16
- xix. \$2,000.00 to Barbeck on 1/18/16
- xx. \$3,000.00 to Barbeck on 1/20/16
- xxi. \$5,600.00 to Kuczynski on 1/22/16
- xxii. \$2,500.00 to Barbeck on 2/10/16
- xxiii. \$2,500.00 to Barbeck on 3/1/16
- xxiv. \$2,000.00 to Barbeck on 3/1/16
- xxv. \$5,000.00 to Barbeck on 3/9/16
- xxvi. \$2,000.00 to Barbeck on 3/10/16
- xxvii. \$2,500.00 to Barbeck on 4/11/16
- xxviii. \$2,000.00 to Barbeck on 4/11/16
- xxix. \$2,000.00 to Barbeck on 4/20/16
- xxx. \$3,000.00 to Barbeck on 4/25/16
- xxxi. \$2,000.00 to Barbeck on 4/25/16

Notice of Hearing

-4-

xxxii.	\$2,500.00 to Barbeck on 5/16/16
xxxiii.	\$2,500.00 to Barbeck on 5/26/16
xxxiv.	\$2,500.00 to Barbeck on 6/1/16
xxxv.	\$2,500.00 to Barbeck on 6/5/16
xxxvi.	\$10,000.00 to Barbeck on 6/15/16
xxxvii.	\$3,000.00 to Barbeck on 7/1/16
xxxviii.	\$5,000.00 to Barbeck's unrelated business on 7/15/16
xxxix.	\$15,000.00 to Barbeck's unrelated business on 7/25/16
xl.	\$600.00 to Barbeck on 8/20/16
xli.	\$1,000.00 to Barbeck on 9/12/16
xlii.	\$500.00 to Barbeck on 9/12/16

Barbeck Total:	\$108,200.00
Kuczynski Total:	\$9,100.00

- b. The balance in QBITI's corporate bank account on December 23, 2016 was \$0.00.
15. When soliciting investments from potential investors, Respondents omitted to inform investors of the following:
 - a. That the majority of the investors' funds would not be used toward the operation of QBITI;
 - b. That the investors' funds would be used mostly to make payments to Barbeck and Kuczynski; and,
 - c. That QBITI was operating almost entirely on investor funds rather than sales proceeds from QBITI's software technology product.
16. In Illinois, a "Non-Convertible Bond" constitutes a security as the term is defined in Sections 2.1, 2.5, and 2.5a of the Act.
17. The activities described above constitute the offer and sale of a security as those terms are defined in Sections 2.1, 2.5, and 2.5a of the Act.
18. Section 12.F of the Act 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."
19. Section 12.G of the Act states that it shall be a violation of the provisions 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 material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading."

20. Section 12.H of the Act states that it shall be a violation of the provisions of the 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."
21. Section 12.I of the Act states 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 II
OFFER AND SALE OF UNREGISTERED SECURITIES

22. At all relevant times herein, Respondents failed to file with the Secretary of State an application for registration of the securities described above.
23. At all relevant times herein, Respondents failed to file any notice of filings with the Secretary of State claiming that the securities being offered above were exempt from registration.
24. 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 qualification prior . . . to their offer or sale" in the State of Illinois.
25. Section 12.A of the Act provides that it shall be a violation for any person "To offer or sell any security except in accordance with the provisions of this Act."
26. Section 12.D 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 this Act or any rule or regulation made by the Secretary of State pursuant to this Act..."

COUNT III
FAILURE TO REGISTER AS A SALESPERSON OR
INVESTMENT ADVISER REPRESENTATIVE

27. At the time the above securities were recommended and sold, the Respondents were not registered with the State of Illinois to recommend or sell securities.
28. Section 8.A of the Act states, *inter alia*, that every dealer, salesperson, investment adviser, and investment adviser representative shall be registered as such with the Secretary of State.
29. Section 12.A of the Act provides that it shall be a violation for any person "To offer or sell any security except in accordance with the provisions of this Act."

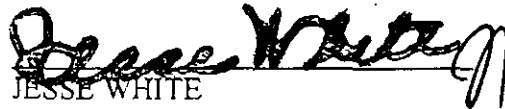
Notice of Hearing

-6-

30. Section 12.D 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 this Act or any rule or regulation made by the Secretary of State pursuant to this Act..."

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

Date of Mailing: This 26th day of September 2018.



JESSE WHITE
Secretary of State
State of Illinois

You are further notified that you are required pursuant to Section 1104 of the Rules to file an answer to the allegations outlined above, 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.

A copy of the Rules and Regulations promulgated under the Illinois Securities Law and pertaining to hearings held by the Office of the Secretary of State, Illinois Securities Department, are available at the Department's website.

Attorney for the Secretary of State:
Peter S. Coorlas, Jr.
Office of the Secretary of State
Illinois Securities Department
69 W. Washington Street, Suite 1220
Chicago, Illinois 60602
(312) 793-3324
pcoorlas@ilsos.net

Hearing Officer:
James L. Kopecky
jkopecky@ksrpc.com