

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

IN THE MATTER OF:)	
)	
)	File No. 1700771
Gregory Barbeck (CRD # 4451358))	
and QBITI, LLC)	
)	

CONSENT ORDER OF PROHIBITION

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

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

WHEREAS, Gregory Barbeck, individually and as President and CEO of QBITI, LLC, ("Respondent"), on September 26, 2018, executed a certain Stipulation to Entry of Consent Order (the "Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, Respondent has admitted to the jurisdiction of the Secretary of State, service of the Notice of Hearing of the Secretary of State, Securities Department, dated September 26, 2018, in this proceeding (the "Notice"), and has consented to the entry of this Consent Order of Prohibition ("Consent Order").

WHEREAS, by means of the Stipulation, Respondent acknowledges that the following allegations contained in the Notice of Hearing shall be adopted as the Secretary of State's Findings of Fact:

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

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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%.
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.
15. When soliciting investments from potential investors, Respondents omitted to inform investors of the following:

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- 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. At all relevant times herein, Respondents failed to file with the Secretary of State an application for registration of the securities described above.
 17. 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.
 18. 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.
 19. As of the date of entry of this consent order, pursuant to an agreement with the Department, Respondents rescinded the offers of the abovementioned sales of QBITI securities and returned a total of \$271,472.75 to investors, which included investment principal and due partial interest.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has determined that the matter related to the aforesaid formal hearing may be dismissed without further proceeding.

WHEREAS, by means of the Stipulation, Respondents have acknowledged that the following shall be adopted as the Secretary of State's Conclusions of Law, and admits to the truth thereof:

1. **Respondent Gregory Barbeck and Respondent QBITI, LLC's 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 Illinois Securities Law of 1953 [815 ILCS 5/1 *et. seq*] (the "Act").
2. **Respondent Gregory Barbeck and Respondent QBITI, LLC** violated Sections 12.A, 12.D, 12.F, 12.G, 12.H, and 12.I of the Act.
3. **Respondent Gregory Barbeck and Respondent QBITI, LLC** are subject to an Order prohibiting him from offering or selling any securities in or from the State of Illinois pursuant to Section 11.E(2) of the Act.
4. **Respondent Gregory Barbeck and Respondent QBITI, LLC** are subject to an administrative fine of \$20,000.00.

NOW THEREFORE IT IS HEREBY ORDERED THAT:

1. **Respondent Gregory Barbeck and Respondent QBITI, LLC** shall be **PROHIBITED** from the offer or sale of private and public securities in or from the State of Illinois from the date of entry of this Consent Order.
2. **Respondent Gregory Barbeck and Respondent QBITI, LLC** shall pay a total fine of \$20,000.00 made payable to the Office of the Secretary of State, Securities Audit and Enforcement Fund, located at 69 West Washington Street, Suite 1220, Chicago, Illinois 60602, and referencing Case #1700771. The amount of \$7,000.00 shall be due within ninety (30) days from the date of entry of this Consent Order and payments of \$500.00 on or before the 1st of every month thereafter shall continue until payments are completed.

Dated: This 26th day of September 2018.



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.

This is a final order subject to administrative review pursuant to the Administrative Review Law, 735 ILCS 5/3 -101 et seq, and the Rules and Regulations of the Act (14 111. Admin. Code, Ch. I, Sec. 130.1123). Any action for judicial review must be commenced within thirty-five (35) days from the date a copy of this Order is served upon the party seeking review.

Attorney for the Secretary of State:
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