

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF:)

72 VEST LEVEL THREE, LLC, its managers,)
officers, affiliates, subsidiaries, representatives,)
successors, and assigns, and)

GARRETT RHODES, an individual)

File No. 1800423

NOTICE OF HEARING

TO THE RESPONDENTS: Garrett Rhodes
2504 S. Veterans Drive
Effingham, IL 62401

72Vest Level Three, LLC
305 West Professional Park Avenue
Effingham, IL 62401

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 1 W. Old State Capitol Plaza, Springfield, IL 62701, on **June 18, 2019 at 10:00a.m.** or as soon as possible thereafter, before Hearing Officer Abby Srgo, 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 Garrett Rhodes d/b/a 72Vest Level Three, LLC from selling securities in or from the State of Illinois and/or grant 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 Garrett Rhodes ("Rhodes") is an Illinois resident with a last known of 2504 S. Veterans Drive, Effingham, Illinois 62401. Rhodes is the founder and managing member of Respondent 72Vest Level Three, LLC.
2. Respondent 72Vest Level Three, LLC, a.k.a Level Three, LLC and Advanced Estate Solutions, LLC ("72 Vest", or collectively with Rhodes, the "Respondents") is an Illinois limited liability company with a last known address of 305 West Professional Park Avenue, Effingham, Illinois 62401.

3. On August 24, 2016, Respondents entered into a Consent Order of Prohibition with the Illinois Securities Department (File No. 1300343) wherein the Department's Conclusions of Law stated that Respondent violated Sections 12.B, 12.C, 12.D, and 12.H of the Act. In summary, without admitting or denying the Department's Findings of Fact, Respondents consented to a three (3) year prohibition, effective August 24, 2016, from offering or selling private and public securities, and engaging in the business of an investment adviser or investment adviser representative, in or from the State of Illinois. Respondents further consented to (i) a permanent cease and desist from selling life settlement contracts and other such viaticals; (ii) removing the use of the term "investment adviser" from any website, business card, pamphlet, or advertisement unless and until the Respondents have registered as such with the Illinois Secretary of State; and (iii) pay a fine of \$5,000.00.
4. From at least October of 2016 to present, Respondents together acted as agents of Future Income Payments, LLC ("FIP")¹, providing investment advice in the recommendation and sale of FIP investments. FIP purportedly bought and/or was assigned the rights to individual's pension streams, and subsequently sold the bundled rights to individual investors as a "Structured Cash Flow" investment.

COUNT I

Violation of Illinois Securities Department Order Dated August 24, 2016 [File No. 1300343]

5. Despite the abovementioned Consent Order of Prohibition, Respondents together acted as an investment adviser and investment adviser representative from at least October 2016 to present, providing investment advice regarding the FIP investments to investors.
6. Acting as agents of FIP, Respondents together recommended and sold the FIP investment to at least twenty-one (21) investors for amounts ranging from \$25,000.00 to at least \$500,000.00, with purported returns ranging from 6% to 8% for a period of up to five (5) or more years.
7. Respondents received compensation from FIP as a result of the above recommended and sold FIP investments.
8. At all times relevant herein, Respondents were not registered with the State of Illinois to act as an investment adviser or investment adviser representative.

¹ FIP is one of many related entities used in connection with a massive fraudulent enterprise led by an individual, Scott Kohn, who along with the entities, is under investigation and involved in litigation and enforcement actions in many jurisdictions. Most recently, on March 12, 2019, Scott Kohn and FIP were indicted in the District Court of South Carolina on charges of conspiracy to commit mail fraud and wire fraud, with an alleged \$297,129,921.77 obtained by defendants through the fraudulent scheme. Case No. 6:19-CR-00239. The related entities include, but are not limited to, the following: BuySellAnnuity Inc.; Cash Flow Investment Partners LLC; Pension Advance LLC; Cash Flow Investment Partners East LLC; Cash Flow Investment Partners MidEast LLC; Lumpsum Pension Advance Atlantic LLC; Lumpsum Pension Advance Southeast LLC; Lumpsum Settlement West LLC; PAS California, LLC; PAS Great Lakes, LLC; PAS Northeast LLC; PAS Southwest LLC; Pension Advance Carolinas LLC; Pension Advance Midwest LLC; and Pension Loans South LLC.

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9. At all times relevant herein, Respondents were prohibited by prior order of the Illinois Securities Department from offering or selling private and public securities, or engaging in the business of an investment adviser or investment adviser representative, in or from the State of Illinois.
10. At all relevant times herein, Respondents omitted to disclose to investors of FIP that Respondents were prohibited by the Illinois Securities Department from offering or selling private and public securities, or engaging in the business of an investment adviser or investment adviser representative, in or from the State of Illinois.
11. Respondents violated the prior order of the Illinois Securities Department by recommending and selling securities, as well as acting as an investment adviser and investment adviser representative by providing investment advice to investors with respect to the FIP investments through actions such as recommending that investors liquidate securities to fund the FIP investments.
12. The FIP investment products were securities in the form of evidence of indebtedness and investment contracts under Section 2.1 of the Act.
13. The activities described above constitute the offer and sale of a security of an investment adviser and investment adviser representative as those terms are defined in Sections 2.1, 2.5, 2.5a, 2.11, and 2.12b of the Act.
14. Section 12.A of the Act states that it shall be a violation of the provisions of the Act for any person "To offer or sell any security except in accordance with the provision of this Act."
15. Section 12.C of the Act states that it shall be a violation 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."
16. 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..."
17. Section 12.J of the Act states that it shall be a violation of the provisions of the Act for any person acting as an investment adviser or investment adviser representative, "[B]y any means or instrumentality, directly, or indirectly: (1) To employ any device, scheme or artifice to defraud any client or prospective client; (2) To engage in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client; or (3) To engage in any act, practice, or course of business which is fraudulent, deceptive or manipulative."
18. By virtue of the foregoing, Respondents violated Section 12.A, 12.C, 12.D, and 12.J of the Act.

COUNT II

***Fraudulent and Unregistered
Investment Adviser and Investment Adviser Representative Activity***

19. Despite the abovementioned Consent Order of Prohibition, Respondents together acted as an investment adviser and investment adviser representative from at least October 2016 to present, providing investment advice regarding the FIP investments to investors.
20. Acting as agents of FIP, Respondents together recommended and sold the FIP investment to at least twenty-one (21) investors for amounts ranging from \$25,000.00 to at least \$500,000.00, with purported returns ranging from 6% to 8% for a period of up to at five (5) or more years.
21. Respondents failed to conduct a reasonable investigation of FIP, its affiliates, and its management by:
 - a. Inquiring about FIP's legal standing and ability to conduct business in the State of Illinois, including verifying any required licensures or registrations to operate;
 - b. Independently verifying FIP's stated financials and examining historical financial statements of the issuers and their affiliates;
 - c. Inquiring about FIP's business and the extent to which any cash needs or other expectations for the affiliates might affect FIP's business prospects;
 - d. Inquiring about the industry in which FIP conducts its business, the prospects for that industry, and any existing or potential restrictions on that business;
 - e. Examining FIP's governing and closing documents, noting any restriction on its activities;
 - f. Inquiring about FIP's past securities offerings and the degree of their success while keeping in mind that simply because a certain product or sponsor historically met obligations to investors, there are no guarantees that it will continue to do so, particularly if the issuers have been dependent on continuously raising capital;
 - g. Inquiring about the forms and amount of management, employee, and agent compensations of FIP and its affiliates and whether such compensation was reasonable or the extent to which the forms of compensation could present serious conflicts of interest;
 - h. Inquiring about previous or pending litigation of FIP or its affiliates and previous or potential regulatory or disciplinary problems of them;
 - i. Performing background checks of the individuals dealt with at FIP or its affiliates; or by;
 - j. Consulting with any other independent source regarding FIP or its affiliates' representations and products subsequently recommended and sold.

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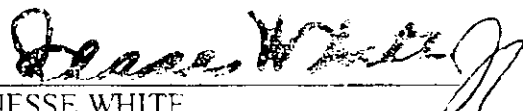
22. Respondents omitted to disclose to investors of FIP that he did not conduct a reasonable investigation of FIP, its affiliates, and its management.
23. Respondents received compensation from FIP as a result of the above recommended and sold FIP investments.
24. At all times relevant herein, Respondents were not registered with the State of Illinois to act as an investment adviser or investment adviser representative.
25. At all times relevant herein, Respondents were prohibited by prior order of the Illinois Securities Department from offering or selling private and public securities, or engaging in the business of an investment adviser or investment adviser representative, in or from the State of Illinois.
26. At all relevant times herein, Respondents omitted to disclose to investors of FIP that Respondents were prohibited by the Illinois Securities Department from offering or selling private and public securities, or engaging in the business of an investment adviser or investment adviser representative, in or from the State of Illinois.
27. The FIP investment products were securities in the form of evidence of indebtedness and investment contracts under Section 2.1 of the Act.
28. 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.
29. *At all relevant times herein, FIP was not registered in the State of Illinois to offer or sell securities.*
30. At all relevant times herein, FIP securities were not registered in the State of Illinois.
31. Section 12.A of the Act states that it shall be a violation of the provisions of the Act for any person "To offer or sell any security except in accordance with the provision of this Act."
32. Section 12.C of the Act states that it shall be a violation 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."
33. 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..."
34. 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."

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35. 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."
36. 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."
37. Section 12.I of the Act 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. Section 12.J of the Act states that it shall be a violation of the provisions of the Act for any person acting as an investment adviser or investment adviser representative. "[B]y any means or instrumentality, directly, or indirectly: (1) To employ any device, scheme or artifice to defraud any client or prospective client; (2) To engage in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client; or (3) To engage in any act, practice, or course of business which is fraudulent, deceptive or manipulative."
39. By virtue of the foregoing, Respondents violated Section 12.A, 12.C, 12.D, 12.F, 12.G, 12.H, 12.I, and 12.J of the Act.

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

Date of Mailing: This 26th Day of April 2019.



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.

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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.gov

Hearing Officer:
Abby Sgro