

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: IRVING LEO BLACKMAN

)
) No. 1500227
)

ORDER OF PROHIBITION

TO RESPONDENT: IRVING LEO BLACKMAN
545 W. Touhy Avenue
Suite 6042 E
Lincolnwood, Illinois 60712

IRVING LEO BLACKMAN
3830 Estes
Lincolnwood, Illinois 60712

IRVING LEO BLACKMAN
c/o Tracy Stephenson
Attorney at Law
1400 N. LaSalle, Suite 3N
Chicago, IL 60610

WHEREAS, the above-captioned matter came on to be heard on April 14, 2017 pursuant to the Notice of Hearing dated May 12, 2016 and amended on June 2, 2017 filed by Petitioner Illinois Secretary of State, and the record of the matter under the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") has been reviewed by the Secretary of State or his duly authorized representative.

WHEREAS, the rulings of the Hearing Officer on the admission of evidence and all motions are deemed to be proper and are hereby concurred with by the Secretary of State.

WHEREAS, the proposed Findings of Fact, Conclusions of Law and Recommendations of the Hearing Officer, James L. Kopecky, Esq., in the above-captioned matter have been read and examined.

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WHEREAS, the proposed Findings of Fact of the Hearing Officer are correct and are hereby adopted as the Findings of Fact of the Secretary of State:

1. The Department properly served the Respondent with the Notice of Hearing and Amended Notice of Hearing.
2. Respondent Irving Leo Blackman ("Respondent" or "Blackman") is a natural person with a last known address of 4545 W. Touhy Avenue, Suite 602E, Lincolnwood, Illinois 60712.
3. In May 2015, Respondent was acting in Illinois as an attorney and accountant.
4. Bernard Sosnowski contacted Blackman in 2014 regarding self-insurance issues.
5. Blackman solicited Sosnowski as a client for estate planning services. Blackman did not represent himself to Sosnowski as an investment advisor. Blackman reviewed Sosnowski's financial statements to do estate planning and business succession planning.
6. Blackman recommended investments to Sosnowski and introduced Sosnowski to Jay Smith and recommended Smith. Blackman had invested with Smith previously. Jay Smith explained an investment to Sosnowski, not Blackman.
7. Blackman recommended that Sosnowski open a pledged asset account at Charles Schwab from which he could invest when an opportunity presented itself. Blackman gave him advice regarding the account and what Jay Smith had told to him.
8. On or about May 21, 2015, Sosnowski completed forms provided by Smith or Blackman to open an account at Charles Schwab.
9. On May 22, 2015, Sosnowski wired \$1.6 million to Blackman directly to hold until further instructed by Sosnowski.
10. Blackman promised Sosnowski he would hold the funds in a pledged asset account until directed by Sosnowski to invest the funds.
11. On May 22, 2015, approximately two hours after receiving Sosnowski's wire transfer of funds, Blackman wired the funds to Stuart Anderson in California. Blackman understood Sosnowski would receive \$2 million in return in some period of time. Blackman instructed Anderson not to move the funds until Blackman was comfortable that Sosnowski was protected.
12. From May 26, 2015, to May 29, 2015, Anderson wired \$962,550 to a Charles Schwab account that was not Sosnowski's account, and wired the remainder of the funds to various entities most of which were associated with Chimera.

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13. Sosnowski had not instructed Blackman to wire the funds to Anderson. Nor did Sosnowski know the funds would be wired to Anderson.
14. Mr. Anderson received a \$40,000 fee for acting as an escrow agent. Sosnowski was not aware of and did not agree to this fee.
15. In May and June 2015, Sosnowski asked for the funds to be returned.
16. On June 4, 2015, Smith promised Sosnowski it would not be a problem for the funds to be returned through Blackman.
17. Sosnowski never paid compensation to Blackman, and Blackman did not receive compensation directly or indirectly relating to Sosnowski's investment.
18. Blackman participated in a number of aspects of Sosnowski's investment, including introducing him to Smith, explaining the pledged asset account, accepting his wire transfer, promising to hold the funds until directed by Sosnowski, wiring the funds to Anderson, and communicating with the investing parties on Sosnowski's behalf.
19. Sosnowski never received the return of his investment.

WHEREAS, the proposed Conclusions of Law made by the Hearing Officer are correct and are hereby adopted as the Conclusions of Law of the Secretary of State:

1. Section 12.A of the Act provides 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.
2. Section 12.F of the Act states, *inter alia*, that it is a violation 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.
3. Section 12.C of the Act states, *inter alia*, that it is a violation for any person to act as an investment advisor except in accordance with the provisions of the Act.
4. By applying the definition of Investment Advisor to the Findings of Fact proposed, the Hearing Officer concludes that the Respondent did not act as an investment advisor and, therefore, did not violate Section 12.C of the Act.
5. By applying Section 12.F to the Findings of Fact proposed, the Hearing Officer concludes that the Respondent violated Section 12.F of the Act.

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WHEREAS, the Hearing Officer recommended that:

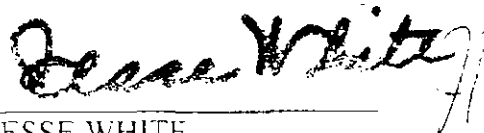
An Order be entered against Respondent Irving Leo Blackman in the form of a permanent order of prohibition against Blackman prohibiting him from offering or selling securities in or from the State of Illinois.

WHEREAS, the Secretary of State adopts in its entirety the Recommendations made by the Hearing Officer.

NOW THEREFORE, IT SHALL BE AND IS HEREBY ORDERED:

That Respondent Irving Leo Blackman is **Permanently Prohibited** from offering or selling securities in or from the State of Illinois.

ENTERED This 9th day of May 2019.



JESSE WHITE
Secretary of State
State of Illinois

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Date of Mailing: 9th day of May 2016

NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12.D of the Illinois Securities Law of 1953, as amended, 815 ILCS 5/1 et seq. (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 this Order, shall be guilty of a Class 4 felony.

This is a Final Order subject to judicial review pursuant to the Administrative Review Law, 735 ILCS 5/3-101 et seq. and the Rules and Regulations of the Act (14 Ill. 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. Mailing of this Order to the Respondent or representative of record constitutes service of the Order.

Attorney for the Secretary of State:
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