

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

ORIGINAL

IN THE MATTER OF:)
)

Timothy James Frisby (CRD #2247321) and)
Wealthcare Consultants, Inc. (CRD #123598))

File No. 1900969)
)

NOTICE OF HEARING

TO THE RESPONDENTS:

Timothy James Frisby (CRD #2247321)
309 Godfrey Avenue
Lockport, IL 60441

Wealthcare Consultants, Inc. (CRD #123598)
125 Windsor Drive
Suite 121
Oak Brook, IL 60523

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 **January 6th, 2019**, 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 Timothy James Frisby and Wealthcare Consultants, Inc. 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 Timothy James Frisby ("Frisby") is an Illinois registered investment adviser representative with a last known address of 309 Godfrey Avenue, Lockport, IL 60441.
2. Respondent Wealthcare Consultants, Inc. ("Wealthcare" or together with Respondent Frisby, the "Respondents") is an Illinois registered investment adviser with last known address of 125 Windsor Drive, Suite 121, Oak Brook, IL 60523.

3. At all relevant times herein, Respondent Frisby was the President and a direct owner of Respondent Wealthcare.
4. From 2012 through 2019, Respondent acted as an agent of Northridge Holdings, Ltd.¹ (“Northridge”), recommending and selling securities in the form of promissory notes.

COUNT I
FRAUD IN THE OFFER AND SALE OF
UNREGISTERED SECURITIES

5. From 2012 through 2019, Respondents, on behalf of Northridge, recommended and sold the Northridge product to at least 25 investors.
6. Respondents failed to conduct a reasonable investigation of Northridge, its affiliates, and its management by:
 - a. Inquiring about Northridge’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 Northridge’s stated financials and examining historical financial statements of the issuers and their affiliates;
 - c. Inquiring about Northridge’s business and the extent to which any cash needs or other expectations for the affiliates might affect Northridge’s business prospects;
 - d. Inquiring about the industry in which Northridge conducts its business, the prospects for that industry, and any existing or potential regulatory restrictions on that business;
 - e. Examining Northridge’s governing and closing documents, noting any restrictions on its activities;
 - f. Inquiring about Northridge’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 new capital;

¹ Northridge raised capital for various real estate ventures (including properties located in the Chicagoland area) through the sale of promissory notes, which were required to be registered under Illinois law. Northridge is currently the Respondent in four separate State securities agency actions (IL, MA, NJ, NH) initiated on June 10, 2019, relating to the sale of unregistered securities. Most recently, the Securities and Exchange Commission took an action against Northridge, its related entities, and its owner Glenn Mueller, on September 5, 2019, alleging a massive fraudulent Ponzi scheme and unregistered practices. Case No. 19-cv-5957.

- g. Inquiring about the forms and amount of management, employee, and agent compensation of Northridge 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 Northridge or its affiliates and previous or potential regulatory or disciplinary problems of them;
 - i. Performing background checks of the individuals dealt with at Northridge or its affiliates; or by,
 - j. Consulting with any other independent source regarding Northridge or its affiliates' representations and products subsequently recommended and sold.
7. Respondents omitted to disclose to investors of Northridge that they did not conduct a reasonable investigation of Northridge, its affiliates, and its management.
8. Respondents received compensation from Northridge as a result of the above recommended and sold Northridge investments.
9. The Northridge products were securities as that term is defined under Section 2.1 of the Act.
10. 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.
11. At all relevant times herein, Northridge was not registered in the State of Illinois to offer or sell securities.
12. At all relevant times herein, Northridge securities were not registered in the State of Illinois.
13. 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."
14. 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."
15. 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."

16. 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."
17. Section 12.J of the Act states that it shall be a violation of the provisions of the Act for any person "When acting as an investment adviser, investment adviser representative, or federal covered investment adviser, by 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, Respondent violated Sections 12.A, 12.F, 12.G, 12.I, and 12.J of the Act.
19. Section 8.E(1)(f) of the Act states that the registration of an investment adviser may be suspended or revoked if it "...[H]as failed to reasonably supervise the advisory activities of any of its investment adviser representatives or employees and the failure has permitted or facilitated a violation of Section 12 of this Act."
20. Section 8.E(1)(g) of the Act states that the registration of an investment adviser or investment adviser representative may be suspended or revoked if they have "...[V]iolated any of the provisions of the Act."
21. By virtue of the foregoing, Respondent Wealthcare Consultants, Inc.'s registration as an investment adviser in the State of Illinois is subject to suspension or revocation pursuant to 8E(1)(f) and (g) of the Act.
22. By virtue of the foregoing, Respondent Timothy James Frisby's registration as an investment adviser representative in the State of Illinois is subject to suspension or revocation pursuant to 8E(1)(g) of the Act.

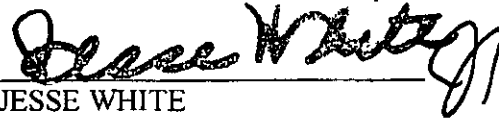
COUNT II
FAILURE TO DISCLOSE BANKRUPTCY

23. Respondent Frisby filed for bankruptcy in the Northern District of Illinois Bankruptcy Court on December 19, 2018. Case No. 18-35064.
24. As of the date of entry of this Notice of Hearing, Respondents failed to disclose the bankruptcy filing on the Central Registration Depository (CRD).

25. Section 8.D(13) and 8.D-5 of the Act states, inter alia, that any change which renders no longer accurate information contained in any application for registration of an investment adviser or investment adviser representative shall be reported to the Secretary of State within 10 business days after the occurrence of the change.
26. Section 12.D of the Act states that it shall be a violation of the provisions of the Act 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 or to fail to comply with the terms of any order of the Secretary of State issued pursuant to Section 11 hereof."
27. By virtue of the foregoing, Respondents violated Sections 12.D of the Act.
28. Section 8.E(1)(f) of the Act states that the registration of an investment adviser may be suspended or revoked if it "...[H]as failed to reasonably supervise the advisory activities of any of its investment adviser representatives or employees and the failure has permitted or facilitated a violation of Section 12 of this Act."
29. Section 8.E(1)(g) of the Act states that the registration of an investment adviser or investment adviser representative may be suspended or revoked if they have "...[V]iolated any of the provisions of the Act."
30. By virtue of the foregoing, Respondent Wealthcare Consultants, Inc.'s registration as an investment adviser in the State of Illinois is subject to suspension or revocation pursuant to 8E(1)(f) and (g) of the Act.
31. By virtue of the foregoing, Respondent Timothy James Frisby's registration as an investment adviser representative in the State of Illinois is subject to suspension or revocation pursuant to 8E(1)(g) of the Act.

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

Date of Mailing: This 1st Day of November 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.

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.

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Hearing Officer:
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