

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF:)

PATRICK HOGAN and CMB EXPORT, LLC,)

RESPONDENTS.)

) File No. 1800442
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CONSENT ORDER

TO RESPONDENTS:

Patrick Hogan, CEO, Manager
c/o Kenneth J. Joyce
Lewis Brisbois Bisgaard & Smith LLP
110 SE 6th Street, Suite 2600
Fort Lauderdale, Florida 33301
VIA E-MAIL: Ken.Joyce@lewisbrisbois.com
and CERTIFIED MAIL

CMB Export, LLC
c/o Kenneth J. Joyce
Lewis Brisbois Bisgaard & Smith LLP
110 SE 6th Street, Suite 2600
Fort Lauderdale, Florida 33301
VIA E-MAIL: Ken.Joyce@lewisbrisbois.com
and CERTIFIED MAIL

WHEREAS, Patrick Hogan and CMB Export, LLC (“Respondents”) on December 27, 2019, executed a certain Stipulation to enter into a Consent Order Of Prohibition (“Stipulation”), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, and solely for the purpose of these proceedings, Respondents have admitted to the jurisdiction of the Secretary of State and service of a Notice of Hearing (“Notice”) in this matter and Respondents have consented to the entry of this Consent Order of Prohibition (“Consent Order”).

WHEREAS, by means of the Stipulation, Respondents have acknowledged, without admitting or denying the allegations, that the following allegations shall be adopted as the Secretary of State's Findings of Fact:

1. Acknowledge service upon them of the Notice of Hearing dated December 27, 2019.
2. Admit to the jurisdiction of the Secretary of State over them and the subject matter of this proceeding.
3. Waive compliance with the provisions of the Administrative Procedure Act [5 ILCS 100/10-5 *et seq.*] regarding contested cases pursuant to Section 25 thereof.
4. Waive any and all rights to hearing and post-hearing procedures otherwise available pursuant to the Illinois Securities Law of 1953 [815 ILCS 5/1 *et seq.*] ("Act").
5. Waive any rights they may have to judicial review by any court by way of suit, appeal or extraordinary remedy resulting from the entry of the Consent Order of Prohibition.
6. Acknowledge, without admitting or denying the allegations, that the following allegations contained in the Notice shall be adopted as the Secretary of State's Findings of Fact.

BACKGROUND

7. Between 2011 and 2015, Respondent CMB Export, LLC ("CMB Export") was an entity which acts as a general partner of certain limited partnerships ("CMB Limited Partnerships") and is located at 7819 42nd Street West, Rock Island, Illinois 61201.
8. Between 2011 and 2014, Respondent Patrick Hogan ("Hogan") was a resident of Milan, Illinois and between 2011 and 2015, Hogan was the CEO and Manager of CMB Export.
9. Between 2011 and 2015, Respondent CMB export relied on individuals and entities ("Referrers") to solicit foreign investors to purchase limited partnership interest ("EB-5 Securities")¹ offered by certain CMB Limited Partnerships.

¹. The United States Congress created the Immigrant Investor Program, also known as the "EB-5 Program," in 1990 to stimulate the U.S. economy through job creation and capital investment by foreign investors. The EB-5 Program offers EB-5 visas to foreign individual who invest \$1 million in new commercial enterprise that creates or preserves at least 10 full-time jobs for qualifying U.S. workers (or \$500,000 in a new enterprise located in a rural area or an area of high unemployment). A certain number of EB-5 visas are set aside for foreign investors in designated regional centers. A regional center is defined as "any economic unit, public or private, which is involved with the promotion or economic growth, including increased export sales, improved regional productivity, job creation, and increased domestic capital investment." 8 C.F.R. §204.6(e) (2015).

10. The EB-5 Securities as described above are securities offered for sale as defined in Sections 2.1, 2.5 and 2.5a of the Illinois Securities Law of 1953 [815 ILCS 5] ("Act").

FAILURE TO REGISTER

11. The Illinois Securities Department ("Department") re-alleges and incorporates herein the allegations contained in paragraphs 1 through 10 above.
12. Section 5 of the Act provides, *inter alia*, "all securities except those set forth under Section 2a of this Act ... or those exempt ... shall be registered ... prior to their offer or sale in this State."
13. Between 2011 and 2015, Respondents failed to file an application for registration of the aforementioned EB-5 Securities with the Illinois Securities Department and as a result the EB-5 Securities were not registered prior to their offer and sale in the State of Illinois nor were any reports or filings filed to support an exemption from registration of the aforementioned EB 5 securities.
14. At all times relevant herein, Respondents failed to register as a dealer, salesperson, investment adviser or investment adviser representative pursuant to Section 8 of the Act.
15. At all times relevant herein, Respondent Hogan acted as a control person for Respondent CMB Export.
16. At all times relevant herein, Respondents acted as an unregistered dealer or relied upon unregistered salespersons and investment adviser representatives.
17. Section 12.A of the Act provides, *inter alia*, it shall be a violation of any person to offer or sell any security except in accordance with the provisions of the Act.
18. Section 12.C of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to act as a dealer, salesperson, investment advisor, or investment adviser representative, unless registered as such, where registration is required, under the provisions of the Act.
19. Section 12.D of the Act provides, *inter alia*, it shall be a violation for any person "[t]o 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 ..."
20. Pursuant to the foregoing, Respondents violated Sections 12.A, 12.C and 12.D of the Act.

WHEREAS, Respondents have acknowledged, without admitting or denying the allegations, that the Stipulation shall be adopted as the Secretary of State's Conclusions of Law as follows:

21. Section 11.E(4) of the Act provides, *inter alia*, the Secretary of State, after finding that any provision of the Act has been violated, may impose a fine as provided by rule, regulation, or order for each violation of the Act and may charge as costs of investigation all reasonable expenses, including attorney's fees and witness fees.
22. In determining whether to impose, and the amount of, and sanctions, The Secretary of State and the Illinois Securities Department acknowledge that the Respondents meaningfully cooperated with the investigation.

NOW THEREFORE IT IS HEREBY ORDERED THAT:

23. The allegations contained in the Stipulation shall be and are hereby adopted as the Secretary of State's Findings of Fact and Conclusions of Law.
24. Respondents will make a monetary payment in the amount of \$125,000 (One Hundred and Twenty-Five Thousand Dollars) to the Illinois Secretary of State for deposit in the Securities Audit and Enforcement Fund. On or before December 30, 2019, the check or money order will be delivered to the Illinois Securities Department, 69 W. Washington St., Suite 1220, Chicago, IL 60602, Attn: Paula K. Bouldon and will reference File Number 1800442.
25. Respondents are jointly and severally liable for all obligations including, but not limited to, all monetary payments under this Consent Order.
26. Respondents will cease and desist from conduct in violation of the Act.
27. By means of Stipulation, Respondents Patrick Hogan and CMB Export, LLC agree they are estopped from seeking relief from the obligations set forth in this Consent Order through any bankruptcy proceedings pursuant to 11 U.S.C. Sec. 523 (a) 19.
28. The Illinois Securities Department will retain jurisdiction over this proceeding for the purpose of enforcing the terms and provisions of the Stipulation.
29. The Illinois Securities Department and the Secretary of State acknowledge and agree that the Consent Order is not intended to subject the Respondents, or any of their affiliates, limited partnership, or their current or former officers, directors, or employees, to any disqualifications under the laws of the United States, any state, the District of Columbia, Puerto Rico, or the U.S. Virgin Islands, or under the rules or regulations of any securities or commodities regulator or self-regulatory organization,

Consent Order

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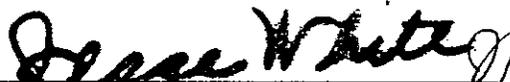
including, without limitation, any disqualification from relying upon state or federal registration exemptions or safe harbor provisions.

30. Illinois Securities Department and the Secretary of State acknowledge and agree that the Consent Order will not disqualify the Respondents, or any of their affiliates, limited partnerships, or their current or former officers, directors, or employees, from any business that they otherwise are qualified, licensed, or permitted to perform under applicable securities laws or regulations of Illinois.
31. This Consent Order will be binding upon Respondents, their affiliates, successors, and assigns with respect to all conduct subject to the provisions above and all future obligations, responsibilities, undertakings, commitments, limitations, restrictions, events and conditions.

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.* 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 Respondents or representative of record constitutes service of the Order.

Dated: This 27th day of December 2019.



JESSE WHITE
Secretary of State
State of Illinois

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