

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

IN THE MATTER OF: )

STEPHEN D. WHEELER, KEITH COOPER, and )

HAS CAPITAL INCOME OPPORTUNITY FUND I, LLC, )

RESPONDENTS. )

) File No. 1900115  
)  
)  
)

**TEMPORARY ORDER OF PROHIBITION**

TO RESPONDENTS:

Stephen D. Wheeler  
Keith Cooper  
HAS Capital Income Opportunity Fund I, LLC  
c/o Eric R. Decator, Esq.  
561 Chateaux Bourne Drive  
Barrington, IL 60010

On information and belief, I, Jesse White, Secretary of State for the State of Illinois, through my designated representative, who has been fully advised in the premises by the staff of the Securities Department, Office of the Secretary of State, herein find:

**I. BACKGROUND**

1. Respondent Stephen D. Wheeler ("Wheeler") is an individual with a last known address of 33 N. LaSalle Street, Suite 3800, Chicago, IL 60602.
2. Respondent Keith Cooper ("Cooper") is an individual with a last known address of 33 N. LaSalle Street, Suite 3800, Chicago, IL 60602.

3. Respondent HAS Capital Income Opportunity Fund I, LLC (“HAS Capital”) is an entity with last known address of 33 N. LaSalle Street, Suite 3800, Chicago, IL 60602.
4. At all times alleged herein, Respondent Wheeler was Chairman and CEO of Respondent HAS Capital.
5. At all times alleged herein, Respondent Cooper was the Managing Director and Chief Investment Officer of Respondent HAS Capital.
6. On or about February 12, 2014 Respondent HAS Capital was created as an investment opportunity in the form of limited liability interests in its fund.
7. The Private Placement Memorandum (“PPM”) for the investment opportunity into Respondent HAS Capital’s fund states, *inter alia*, “[m]embers will receive... annual audited fair market value GAAP financial statements.”
8. On or about July 22, 2015, Respondents issued an Amended and Restated Private Placement Memorandum (“Amended and Restated PPM”).
9. The Amended and Restated PPM continued to state, *inter alia*, “[m]embers will receive... annual audited fair market value GAAP financial statements.”
10. At all times alleged herein, Respondents offered securities in the form of limited liability interests in Respondent HAS Capital’s fund.
11. From in or around February 2014 to at least March 2019, Respondent Wheeler continued to manage Respondent HAS Capital.
12. From in or around February 2014 to at least March 2019, Respondent Cooper continued to manage Respondent HAS Capital.
13. Respondents’ activities described above involve the offer and sale of securities as those terms are defined in Sections 2.1, 2.5 and 2.5a of the Illinois Securities Law of 1953 [815 ILCS 5] (“Act”).

## **II. FAILURE TO PRODUCE TIMELY FINANCIAL STATEMENTS**

14. The Illinois Securities Department (“Department”) re-alleges and incorporates herein the allegations contained in paragraphs 1 through 13 above.

### **A. INVESTOR DM**

15. On or about December 31, 2014, Investor DM paid \$75,000 to invest in Respondent HAS Capital.
16. During the time alleged herein, Investor DM was issued a PPM by Respondents for his investment in Respondent HAS Capital.
17. The PPM provided to Investor DM provided, in part, “[m]embers will receive... annual audited fair market value GAAP financial statements.”
18. Notwithstanding the representation made in the PPM, to date, Respondents have failed to provide Investor DM with annual audited financial statements.

**B. INVESTOR MM**

19. On or about January 7, 2015, Investor MM paid \$50,000 to invest in Respondent HAS Capital.
20. On or about June 30, 2015, Investor MM paid \$48,000 to invest in Respondent HAS Capital.
21. During the time alleged herein, Investor MM was issued a PPM by Respondents for his investments in Respondent HAS Capital.
22. The PPM provided to Investor MM provided, in part, “[m]embers will receive... annual audited fair market value GAAP financial statements.”
23. During the time alleged herein, Investor MM made repeated requests for financial audits on Respondent HAS Capital.
24. Notwithstanding the representation made in the PPM, to date, Respondents have failed to provide Investor MM with annual audited financial statements.

**C. INVESTOR NV**

25. On or about January 7, 2015, Investor NV paid \$50,000 to invest in Respondent HAS Capital.
26. During the time alleged herein, Investor NV was issued a PPM by Respondents for her investment in Respondent HAS Capital.
27. The PPM provided to Investor NV provided, in part, “[m]embers will receive... annual audited fair market value GAAP financial statements.”
28. Notwithstanding the representation made in the PPM, to date, Respondents have failed to provide Investor NV with annual audited financial statements.

**D. INVESTOR CT**

29. On or about June 16, 2015, Investor CT paid \$212,332 to invest in Respondent HAS Capital.
30. During the time alleged herein, Investor CT was issued a PPM by Respondents for his investments in HAS Capital.
31. The PPM provided to Investor CT provided, in part, “[m]embers will receive... annual audited fair market value GAAP financial statements.”
32. On or about August 14, 2015, Investor CT paid \$168, 501 to invest in Respondent HAS Capital.
33. The Amended and Restated PPM provided to Investor CT provided, in part, “[m]embers will receive...annual audited fair market value GAAP financial statements.”
34. Notwithstanding the representations made in the representations made in the PPM and Amended and Restated PPM Respondents have continued, to date, fail to provide Investor CT with annual audited financial statements.

**III. VIOLATIONS**

35. The Department re-alleges and incorporates herein the allegations contained in paragraphs 14 through 34 above.
36. 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.
37. Section 12.F of the Act provides, *inter alia*, it shall be a violation of the Act for any person “[t]o 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.”
38. Section 12.G of the Act provides it shall be a violation of the Act “[t]o obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.”
39. Section 12.H of the Act provides it shall be a violation of the Act “[t]o sign or circulate any statement, prospectus, or other paper or document required by any

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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.”

40. Section 12.J of the Act provides, *inter alia*, it shall be a violation of the Act “[w]hen 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 operated 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.”
41. Pursuant to the foregoing, Respondents violated Sections 12.A, 12.F, 12.G, 12.H and 12.J of the Act.

**IV. PROHIBITION**

42. The Department re-alleges and incorporates herein the allegations contained in paragraphs 35 through 41 above.
43. Section 11.F(2) of the Act provides, *inter alia*, that the Secretary of State may temporarily prohibit or suspend, for a maximum period of 90 days, by an order effective immediately, the offer, sale or registration of securities by any person, if the Secretary of State shall in his or her opinion, based on credible evidence, deem it necessary to prevent an imminent violation of this Act or to prevent losses to investors which the Secretary of State reasonably believes will occur as a result of a prior violation of this Act.
44. The entry of this **Temporary Order of Prohibition** (“Temporary Order”) prohibiting Respondents from offering or selling securities in the State of Illinois is in the public interest and for the protection of the investing public and is consistent with the purposes intended by the provisions of the Act.
45. The aforementioned findings are based upon credible evidence.

NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, Respondents Stephen D. Wheeler, Keith Cooper and HAS Capital Income Opportunity Fund I, LLC its partners, officers and directors, agents, employees, members, affiliates, successors and assigns are temporarily **PROHIBITED** from offering, selling or registering securities in or from this State until further Order of the Secretary of State.

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NOTICE is hereby given that Respondents may request a hearing on this matter by transmitting such request in writing to the Illinois Securities Department, 69 W. Washington Street, Suite 1220, Chicago, Illinois 60602. Such request must be made within thirty (30) calendar days of the date of the entry of the Temporary Order. Upon receipt of a request for hearing, a hearing will be scheduled as soon as reasonably practicable. A request for hearing will not stop the effectiveness of this Temporary Order and will extend the effectiveness of this Temporary Order for sixty (60) days from the date the hearing request is received by the Department.

*FAILURE BY ANY RESPONDENT TO REQUEST A HEARING WITHIN THIRTY (30) CALENDAR DAYS AFTER ENTRY OF THIS TEMPORARY ORDER OF PROHIBITION SHALL CONSTITUTE AN ADMISSION OF ANY FACTS ALLEGED HEREIN AND SHALL CONSTITUTE SUFFICIENT BASIS TO MAKE THIS TEMPORARY ORDER OF PROHIBITION FINAL.*

Dated: This 10<sup>th</sup> day of December 2019.



JESSE WHITE  
Secretary of State  
State of Illinois

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