

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

**IN THE MATTER OF: UNIVERSAL CAPITAL SOLUTIONS
CORPORATION AND FERNALI FERRICE**

File No. C1400188

CONSENT ORDER

TO THE RESPONDENTS: UNIVERSAL CAPITAL SOLUTIONS

FERNALI FERRICE

c/o John L. Malevitis, Esq.
JL Malevitas and Associates
P.O. Box 156
Hinsdale, IL 60522-0156

WHEREAS, Respondents Universal Capital Solutions Corporation and Fernali Ferrice on the 14th day of January 2021, executed a certain Stipulation to Enter Consent Order (the "Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, Respondents Universal Capital Solutions Corporation and Fernali Ferrice have admitted to the jurisdiction of the Secretary of State and service of the Notice of Hearing and Amended Notice of Hearing of the Secretary of State, Securities Department, dated March 16, 2016 and October 28, 2016, respectively in this proceeding (the "Notice") and Respondents have consented to the entry of this Consent Order "Consent Order").

WHEREAS, by means of the Stipulation, the Respondents Universal Capital Solutions Corporation and Fernali Ferrice acknowledged, without admitting or denying the truth thereof, that the following allegations shall be adopted as the Secretary of State's Findings of Fact:

1. Universal Capital Solutions Corporation is an Illinois corporation with a last known principal address at 2625 Butterfield Road,, Suite 219, Oakbrook Terrace, Illinois 60181.
2. Master Capital Solutions is a 'doing business as' name for Universal Capital.

3. Fernali Ferrice is the CEO of Universal Capital and has a last known address is 2625 Butterfield Road,, Suite 219, Oakbrook Terrace, Illinois 60181.
4. Universal Capital Solutions Corporation is and at all relevant times has been registered as a Loan Broker in the State of Illinois.
5. RG and BH are residents of the State of Illinois.
6. In early 2010, RG met with Fernali Ferrice regarding applying for a loan using Universal Capital's Structured Collateral Loan Program.
7. Fernali Ferrice told RG that Respondents would help him to secure a loan for his not for profit organization IMF by using Respondents' Structured Collateral Loan Program.
8. According to RG, Fernali Ferrice told him that the Collateral Loan Program provides a depositor to fund a structured qualified collateral instrument, which would be used to give 100% financial security for a larger loan through a lending source that Respondents would identify.
9. On or about May 19, 2010, RG received a Term Sheet Approval from Universal Capital informing complainant that he had been "approved for a structured collateral loan program."
10. RG's requested loan amount indicated in the Term Sheet Approval was \$1,000,000.00 and the amount of the qualified instrument was indicated as "100% of capital requested."
11. On or about May 19, 2010, RG also received an invoice from Universal Capital indicating that \$12,000.00 was due, \$10,000 for "Approval Term Sheet and Commitment Letter Expense for Depositor, Qualified Instrument and Processing" and \$2,000 for "UCS per application Contract 20%."
12. RG signed and returned Term Sheet Approval letter to Universal Capital on or about June 1, 2010.
13. On or about June 1, 2010, RG paid to Universal Capital an advance fee of \$12,000.
14. On or about June 9, 2010, RG received a Commitment Letter from Universal Capital indicating Universal Capital's "[C]ommitment to provide depositor funds to purchase an instrument as Capital Collateral Enhancement for a loan transaction."

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15. The Commitment Letter further indicated that Universal Capital "...we are committed to provide you with a depositor to fund the qualified instrument to be used as collateral" and program "will fund a qualified instrument to be used as Capital Collateral Enhancement for a loan transaction."
16. On or about August 6, 2010, nearly three months after applying for the program, RG received a letter from Universal Capital apologizing for delay in RG's application and thanking him for submitting his documentation in a timely fashion. The letter also indicated that complainant's loan request had been submitted to "various funding sources."
17. On or about August 13, 2010, RG received a letter from Universal Capital stating that Respondents were "awaiting final loan approval." The letter also indicated that complainant's loan request had been submitted to "various lenders for secondary (sic) loan approvals."
18. On or about October 15, 2010, nearly five months after applying for the program, RG received a letter from Universal Capital stating that they "require a letter to be prepared from my director in order to comply with the banks requirement to clarify the relationship between our company, the depositor, and your company. With respects to funding your project."
19. On December 10, 2010, nearly seven months after applying for the program, RG received a letter from Universal Capital stating that: "they are negotiating with a lender to secure your loan request but at this time we have not received any concrete feedback."
20. After multiple delays, Universal Capital then requested an additional application from RG because "investors wanted more information."
21. On or about June 17, 2013, more than three years after initially applying for the program, FB, comptroller for RG sent an email to a loan processor at Universal Capital responding to Universal Capital's request for additional documentation; indicating that it had been three years since original application was submitted; and requesting \$12,000 fee be returned if the loan was not going to happen.
22. On or about June 21, 2013, RG completed and submitted to Universal Capital an additional loan application at the request of Universal Capital.
23. According to RG, Respondents continued to give multiple excuses for the delay in providing depositor for collateral loan necessary to secure the \$1,000,000 in financing.

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24. In June 2013, despite demands of RG, Respondents failed to return advance fees paid by RG.
25. In or around May 2013, BH met Fernali Ferrice through a business partner.
26. According to BH, Fernali Ferrice told him that Respondents could help him secure a loan for his business, SGN.
27. Fernali Ferrice and/or employees of Universal Capital told BH that Universal Capital would put up a qualified collateral instrument, which could be U.S. Treasury Notes, as collateral for securing the loan from a lender Universal Capital would identify through Universal Capital's Structured Collateral Loan Program.
28. On or about May 13, 2013, BH completed an application with Respondents for the Structured Collateral Loan Program requesting \$2,000,000.00.
29. Fernali Ferrice initially told BH that he would help to secure a Two Million Dollar Loan in exchange for an application fee of \$1,250.00, with an additional \$15,000.00 fee to secure the loan through the Structured Collateral Loan Program.
30. According to BH, Fernali Ferrice told him that the Collateral Loan Program provides a depositor to fund a structured qualified collateral instrument which would be used to give 100% financial security for a larger loan through a lending source that Universal Capital would identify.
31. On or about May 17, 2013, BH received a Term Sheet Approval from Universal Capital informing complainant that he had been "approved for a structured collateral loan program."
32. The Term Sheet Approval indicated BH's requested loan amount as \$2,000,000.00 and the amount of the qualified instrument was indicated as "100% of capital requested."
33. On or about May 17, 2013, BH also received an invoice from Universal Capital indicating that \$15,000.00 was due, \$12,500 for "Commitment Fee" and \$2,500 for "20% Processing and underwriting Fee."
34. On or about May 17, 2013, BH's business partner wired to Universal Capital \$1250.00 of the Commitment Fee.
35. On or about May 17, 2013, Fernali Ferrice sent BH an email stating "we would approve your Project to Structure and Fund the Cash Collateral."

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36. On or about July 30, 2013, BH signed and submitted Universal Capital's "Steps for the 'Structure Collateral Loan Program' In General Form".
37. On or about July 30, 2013, BH tendered to Universal Capital a check dated August 1, 2013 and made payable to Universal Capital, in the amount of \$11,500.00, with memo "Final Payment of Commitment Fee."
38. On or about September 10, 2013, nearly four months after applying for the program, BH sent an email to Fernali Ferrice requesting evidence of the Cash Collateral for the project.
39. On September 12, 2013, BH sent a second email to Fernali Ferrice requesting status of lender's request for evidence of cash collateral.
40. After several delays and excuses from Universal Capital for the delay, the cash collateral for the initial loan for two million dollars failed to be funded.
41. In October 2013, after the original loan for \$2 million fell through, Fernali Ferrice told BH that he could secure collateral and a loan for \$8,000,000.00 for an additional \$10,000.00 fee.
42. On or about October 14, 2013, BH received a second Term Sheet Approval from Universal Capital informing complainant that he had been "approved for a structured collateral loan program."
43. BH's requested loan amount listed in Universal Capital's second Term Sheet Approval was \$8,000,000.00; the amount of the qualified instrument was indicated as "100% of capital requested; and a deposit of \$18,500.00 was required.
44. BH agreed only to pay an additional \$7,000.00 and Fernali Ferrice agreed to pay the remaining \$3,000.00.
45. On or about October 15, 2013, BH tendered to Universal Capital two payments in the amount of \$4,000.00 and \$3,000.00.
46. On or about October 18, 2013, BH signed and sent a letter of intent to Respondents for the new loan amount of \$8,000,000.00, purportedly to be financed through IABUDF.
47. On or about October 23, 2013, BH received a Commitment Letter from Universal Capital indicating the capital requested of \$8,000,000.00 and that Respondents' "[C]ommitment to provide depositor funds to purchase an instrument as Capital Collateral Enhancement for a loan transaction."

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48. In early November, 2013, after further delays, Fernali Ferrice told BH that IABUDF allegedly had gone on a two month holiday and would not return until January 2014.
49. After BH voiced his objections to the even further delay, Fernali Ferrice told complainant that he had another lender that could commit to lending to Complainant BH, purportedly through Community South Commercial Capital LLC ("CSCC").
50. According to BH, he was told that CSCC could not meet the commitment for the original amount of \$8,000,000 but could approve a loan in the amount of \$4,000,000.
51. On or about November 15, 2013, BH sent an email to Fernali Ferrice stating "we have decided to go with the firm commitment from Community South rather than pursuing another non-firm commitment from an unknown entity."
52. On or about November 15, 2013, November 18, 2013 and November 19, 2013, BH sent emails to Fernali Ferrice requesting the deposit to be sent to the lender, CSCC.
53. On or about November 19, 2013, BH sent an email to Fernali Ferrice requesting a statement documenting payments received by Respondents from SGN to date and proof of how the fund were spent since the collateral instrument had not materialized.
54. On or about December 2, 2013, BH signed a "Notification of Intent to Fund" from Community South Commercial Capital LLC, Loan# 106A19" indicating that BH's company qualifies for funding of \$4,000,000.00 and a \$10,000.00 pre-funding deposit.
55. Throughout December 2013, BH supplied Universal Capital and CSCC with additional documentation for approval of loan.
56. On or about December 31, 2013, the purported lender, CSCC, sent to BH an email requesting BH to include the "value of the US Treasury Notes to be pledged" in his personal financial statement as well as Respondents to "determine the values associated and the cusip numbers to be assigned for pledging to the banks."
57. On or about January 1, 2014, BH forwarded the email to Fernali Ferrice and in a separate email to Respondents requested the same.

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58. On January 3, 2014, BH sent an email to Fernal Ferrice asking "can you send me the US Treasury value and CUSIP numbers when back in the office?"
59. On or about January 10, 2014, BH sent an email to Fernal Ferrice indicating that "nearly two weeks have passed without resolution to the request for cusip numbers for US Treasury Notes to be pledged."
60. On or about January 17, 2014 and January 20, 2014, BH sent an email to Fernal Ferrice requesting an update for confirmation of deposit of funds to lender and assurance of acceptable demonstration of collateral instruments to be pledged.
61. On or about February 16, 2014, a purported representative of the lender CSCC sent an email to Fernal Ferrice and BH requesting Respondents to send the following: "1. where the treasury held at this time (account name and number and where it will be sent from)"; "2. Contact name of person sending the Treasury"; "3. Value of the Treasury strip at 9am CST on Monday morning 2/17/14."; and "4. accurate description of the treasury strip (cusip number, original face, current face, factor applied to determine value ie: .488 of 1)."
62. On or about February 22, 2014, more than nine months after Complainant's initial application and after Respondents failed to secure collateral for the Structured Collateral Loan Program, BH demanded, in writing, the refund of the pre-funding deposit it had paid Respondents.
63. Fernal Ferrice and Universal Capital have testified that despite the number of documents and information provided by BH, at this time, he and his firm, SGN, had not provided all of the required information necessary to further the loan application process.
64. At this time, BH did not receive a loan or the return of his advance good faith deposit from Respondents.
65. That the activities referenced in sub-paragraphs 1 through 64 are the activities of a "Loan Broker" as that term is defined pursuant to Section 15-5.15 of the Illinois Loan Brokers Act of 1995 [815 ILCS 175/15-1 et seq.] (the "Act").
66. Section 15-40(a)(3) of the Act provides, *inter alia*, that the registration of a loan broker may be denied, suspended or revoked if the Secretary of State finds that the loan broker has violated any provisions of this Act.

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67. That Section 15-55(a) of the Act provides that if the Secretary of State determines, after notice and opportunity for a hearing, that a person has violated this Act, the Secretary of State may in addition to all other remedies, impose an administrative fine upon the person in an amount not to exceed \$10,000 for each violation.

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

1. That based upon the Findings of Fact as set forth in sub-paragraphs 1 through 67 above, Universal Capital and Fernali Ferrice have violated the Illinois Loan Brokers Act.
2. That Universal Capital is subject to the entry of an order suspending or revoking its registration as a loan broker in the State of Illinois pursuant to Section 15-40(a)(3) of the Act; and
3. The Respondents are subject to a FINE pursuant to Section 15-55(a) of the Act.

WHEREAS, that previous to the date of this Stipulation, Universal Capital and Fernali Ferrice, for a period of 18 months, did not conduct any loan broker business with Illinois resident persons.

WHEREAS, Universal Capital, Fernali Ferrice, BH and RG reached individual settlements which provided restitutions acceptable to RG and BH.

NOW THEREFORE IT SHALL BE AND IS HEREBY ORDERED THAT:

1. Universal Capital and Fernali Ferrice shall comply with all applicable provisions of the Illinois Loan Brokers Act of 1995 (815 ILCS 175/1 et seq., as amended) and the Rules and Regulations of the Under the Illinois Loan Brokers Act of 1995.
2. Universal Capital and Fernali Ferrice, within 10 business days of their receipt of a written complaint against Universal Capital, Fernali Ferrice or any employee, independent contractor or agent of them by an Illinois resident borrower for which Universal Capital has a loan broker agreement shall submit to the Illinois Secretary of State, Illinois Securities Department ("the Department"): ¹
 - a) A copy of the complaint;

¹ Computation of time shall be based upon Rule 101 of the Rules and Regulations of the Illinois Securities Department, 14 Admin Code 130.100 et seq.

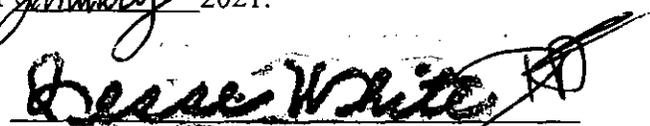
- b) Any response to the complaint by Universal Capital and/or Fernali Ferrice; and
 - c) A statement as to whether the complaint was resolved, how it was resolved and the amount of any monetary payment made.
3. Universal Capital shall provide to the Department after thirty (30) days of the date of entry of the Consent Order with the following documents or information:
- a) A list of all Loan Broker Agreements that it has entered into between December 1, 2019 and December 1, 2020 with Illinois resident persons or a sworn affidavit that there are no Loan Broker Agreements with Illinois resident persons and no responsive documents to sub-paragraphs a-f during this time period by Universal Capital;
 - b) Copies of any Loan Broker Agreements identified in sub-paragraph a above;
 - c) The names, addresses, telephone numbers and email addresses of any borrowers who have entered into a Loan Broker Agreement identified in sub-paragraph a above;
 - d) The amount of the loan requested by the borrower for any Loan Broker Agreement identified in subparagraph a above;
 - e) The amount of any fees charged and/or received by Universal Capital on account of any Loan Broker Agreement identified in sub-paragraph a above;
 - f) For any Loan Broker Agreement identified in sub-paragraph a above, a statement whether a loan was obtained for the borrower and if so, the name and address of the creditor; and
 - g) A statement identifying the name and account number of any financial accounts (checking and/or savings) in the name of Universal Capital Solutions Corporation.
4. Universal Capital and Fernali Ferrice collectively shall be levied costs incurred during the investigation of this matter in the amount of two thousand five hundred dollars (\$2,500.00). Said costs shall be paid by certified or cashier's check, made payable to the Illinois Secretary of State, Securities Audit and Enforcement Fund within one hundred and eighty (180) days of the date of entry of the Consent Order.

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5. One hundred and eighty 180 days after the date of entry of the Consent Order, Universal Capital shall provide an affidavit verifying that the firm has completed the requirements of Paragraphs 1-4.
6. Universal Capital Solutions and Fernali Ferrice shall be subject to Fines of three thousand five hundred dollars (\$3,500) each. However, the Fines shall be stayed effective the date of the Entry of the Consent Order and shall be removed (all other terms of the Consent Order shall remain in effect) upon the completion of the terms set forth in Paragraphs 1-5. Furthermore, the duty to report complaints, as set forth in Paragraph 2, shall also be terminated upon successful completion of Paragraphs 1-5.
7. Failure to comply with any of the terms of Paragraphs 1-5 shall result in the immediate lifting of the stay of the three thousand five hundred dollar (\$3,500) Fines of Universal Capital and Fernali Ferrice effective the date of the failure to comply.
8. The Notice of Hearing and Amended Notice of Hearing issued in this matter are hereby dismissed.

ENTERED: This 19th day of January 2021.



JESSE WHITE
Secretary of State
State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 15-85(b) of the Illinois Loan Brokers Act of 1995 [815 ILCS 175] (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.

Attorneys for the Secretary of State:
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Office of the Secretary of State
Illinois Securities Department