

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

IN THE MATTER OF: **Brian Blalock,**)
Parkwood Industries, LLC,)
and Parkwood Companies, LLC)

) **File No. 2001084**
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)

TEMPORARY ORDER OF PROHIBITION

TO THE RESPONDENTS:

Brian Keith Blalock
545 N Dearborn Street
Apartment #2304
Chicago, IL 60654

Brian Keith Blalock
912 Andalusia Trail,
Mansfield, TX 76063

Parkwood Industries, LLC
1733 Parkwood Dr.
Grapevine, TX 76051

Parkwood Industries, LLC
231 S LaSalle St., Suite 1400,
Chicago, IL 60604

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, (the "Department"), herein find:

NATURE OF SCHEME

1. Respondents offered and sold investment opportunities to numerous Illinois investors where Respondents purportedly purchased heavy trucking equipment and sold it for a profit.

IDENTIFICATION OF PARTIES

2. Upon information and belief, Respondent Brian Keith Blalock ("Blalock") is an Illinois resident with the last known address of 545 N. Dearborn St., Apt. #2304, Chicago, IL 60654, and 912 Andalusia Trail, Mansfield, TX 76063.
3. Upon information and belief, Respondent Parkwood Industries, LLC ("Parkwood") is a Texas registered company with the last known address of 1733 Parkwood Dr., Grapevine, TX 76051.
4. Upon information and belief, Respondent Parkwood has an office in Illinois with the last known address of 231 S. LaSalle St., Chicago, IL 60604.
5. At all relevant times herein, Respondent Blalock was the Manager of Respondent Parkwood.
6. Investor A resides in Illinois and at all times relevant to this action.
7. Investor A is not an accredited investor.

COUNT I

Offer and Sale of Unregistered Securities

8. On or about March 10, 2018, Respondents Blalock and Parkwood offered to Investor A, a twelve thousand dollar (\$12,000) "investment opportunity." The purported "investment opportunity" was an investment contract offering a 10.7% guaranteed return with a 45-day payout date.
9. On or about March 14, 2018, Respondents Blalock and Parkwood sold to Investor A, a twelve thousand dollar (\$12,000) "investment opportunity." Respondent Blalock and presented Investor A a written investment contract and Investor A wired twelve thousand dollars (\$12,000) into a bank account provided by Respondent Blalock.
10. Respondent Blalock conveyed to Investor A that the "investment opportunity" was the purchase of heavy equipment used for road

construction which would be sold for a profit. Specifically, the piece of equipment to be purchased was a Vermeer HG6000 Grinder. The Grinder was to be resold and Investor A would be entitled to a percentage of the resale based on the initial investment.

11. On or about May 2018, Respondent Blalock informed Investor A that he had purportedly sold the Grinder which had initially been purchased with the funds from Investor A's investment.
12. The written investment contract referenced in paragraphs 6 and 7 is a security as defined in Section 2.1 of the Illinois Securities Law of 1953 [815 ILCS 5/1 et. seq.] (the "Act").
13. 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.
14. At the time the security was sold, Respondents Blalock and Parkwood were not registered with the State of Illinois to sell securities.
15. Section 5 of the Act provides, *inter alia*, that all securities except those exempt under Section 3 or those offered or sold in transactions exempt under Section 4 "shall be registered either by coordination or qualification prior to their offer or sale" in the State of Illinois.
16. Respondents failed to file with the Secretary of State an application for registration of the securities described above as required by the Act and, as a result, the securities were not registered pursuant to Section 5 of the Act prior to their offer or sale in the State of Illinois.
17. Furthermore, Respondents failed to file any notice filings with the Secretary of State claiming that the securities being offered were exempt from registration.
18. Section 12.A of the Act provides that it shall be a violation for any person to offer or sell any security except in accordance with the provisions of the Act.

19. Section 12.D provides, *inter alia*, that it shall be a violation 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.
20. By virtue of the foregoing, the Respondents Blalock and Parkwood violated Sections 12.A and 12.D of the Act.

COUNT II

Fraud in the Offer and Sale of Securities

21. Investor B is a resident of Illinois and at all times relevant to this action.
22. In July 2020, Investor B, an Illinois resident, first came in contact with Respondent Blalock after he was introduced by Investor B's business partner.
23. During their first meeting Respondent Blalock conveyed to Investor B that he traded oil futures and had a side job of purchasing and reselling industrial equipment for profit.
24. In early August 2020, Investor A received a phone call from Respondent Blalock offering Investor A an "investment opportunity."
25. Respondent Blalock stated that he had come across seven (7) semi-trucks, seven (7) salt water- trailers, and one (1) generator that he would be able to obtain at a cheap price because they were coming from a distressed seller.
27. Respondent Blalock told Investor A that they would be 50/50 partners, specifying that they would split the capital investment, split the costs associated with the investment, and also split the profits 50/50.
28. On August 24, 2020, Parkwood entered into an Asset Purchase and Disbursement Agreement with Investor B. The purpose of the agreement was to use funds received from Investor B to invest in the trucks, trailers, and generator.

29. This investment was a security in the form of an investment contract as the term is defined under Section 2.1 of the Illinois Securities Law of 1953, [815 ILCS 5/1 et seq.,] (the "Act").
30. The investment in commercial transportation equipment and having the purchase and sale of the equipment managed by Respondents Blalock and Parkwood constitutes the offer and sale of a security as those terms are defined in Sections 2.1, 2.5, and 2.5a of the Act.
31. 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.
32. Respondents solicited new investors without disclosing the fact that they defaulted on the investment contract with earlier Investor A. This is a violation of 12. F.
33. Section 12.G of the Act states that 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 a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.
34. When Respondent Blalock offered a personal guarantee to Investor B and failed to disclose that he had previously defaulted on an obligation to a prior investor, this was an omission of a material fact and therefore a violation of 12.G.
35. 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."
36. 12.I was violated when Respondents, fully aware that they failed to fulfill the terms of a prior investment contract, solicited new investors.
37. By virtue of the foregoing, Respondents Blalock and Parkwood violated Sections 12.F, 12.G and 12.I of the Act.

PROHIBITION

38. Section 11.F(2) of the Act states *inter alia* the Secretary of State may temporarily prohibit, for a maximum period of 90 days, by an order effective immediately, the offer or sale of securities, or the offer or sale of securities by any person, or the business of rendering investment advice without the notice and prior hearing in this subsection prescribed, if the Secretary of State shall in his or her opinion, based on credible evidence, deem it necessary to prevent an imminent violation of the 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.
39. That the entry of this Temporary Order prohibiting Respondents Brian Keith Blalock and Parkwood Industries, LLC from offering or selling securities in 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.

NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section I I.F of the Act, **Respondents Blalock and Parkwood** and each of their partners, members, officers and directors, agents, employees, affiliates, successors and assigns, are temporarily **PROHIBITED** from offering or selling securities in or from this State for a maximum period of ninety (90) days.

NOTICE is hereby given that Respondents may request a hearing on this matter by transmitting such request in writing to Enforcement Attorney, Kathryn Nani, 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 entry of the Temporary Order of Prohibition. 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 days (60) from the date the hearing request is received by the Department.

YOUR FAILURE TO REQUEST A HEARING WITHIN THIRTY (30) DAYS AFTER ISSUANCE OF THIS ORDER SHALL CONSTITUTE AN ADMISSION OF ANY FACTS ALLEGED HEREIN AND SHALL CONSTITUTE A SUFFICIENT BASIS TO MAKE THIS ORDER FINAL.

You are further notified that if you request a hearing that you may be represented by legal counsel, may present evidence; may cross-examine witnesses and otherwise participate. Failure to so appear shall constitute default unless any Respondent has upon due notice moved for and obtained a continuance.

Date of Mailing: 28th day of January 2021



JESSE WHITE
Secretary of State
State of Illinois

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