

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: PALM BEACH INVESTMENT GROUP, INC.,)
ITS OFFICERS, DIRECTORS,) File No.9900365
EMPLOYEES, AGENTS, AFFILIATES,)
SUCCESSORS AND ASSIGNS AND)
NANETTE MARIANI AND MICHAEL)
CRAMER AND PATRICK J. FLYNN)

ORDER OF PROHIBITION AND FINE

TO THE RESPONDENT: Palm Beach Investment Group, Inc.
12765 West Forest Hill Boulevard, No. 1313
Wellington, Florida, 33414

WHEREAS, the record of the above captioned matter has been reviewed by the Secretary of State or his duly authorized representative;

WHEREAS, the rulings of the Hearing Officer on the admission of evidence and all motions are deemed to be proper and are hereby concurred with by the Secretary of State;

WHEREAS, the proposed Findings of Facts and Conclusions of Law and Recommendation of the Hearing officer, Jon K. Ellis, in the above-captioned matter have been read and examined; and

WHEREAS, the proposed Findings of Fact are correct and are adopted by the Secretary of State as follows:

1. The evidence, exhibits and testimony have been offered and received from all parties and a proper record of all proceedings has been made and preserved as required.
2. The Hearing Officer has ruled on all motions and objections timely made and submitted.
3. The Hearing Officer and the Secretary of State, Illinois Securities Department have jurisdiction over the parties herein and the subject matter dealt with herein, due and proper notice having been previously given as required by statute in this case.

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4. As no answer, special appearance or other responsive pleading was filed, the Respondent, Palm Beach Investment Group, Inc., is therefore deemed to be in default.
5. That all times relevant hereto, Respondent, Palm Beach Investment Group, Inc., is a purported corporation, which maintains a last known business address of 12765 West Forest Hill Boulevard, No. 1313, Wellington, Florida, 33414.
6. That Section 2.1 of the Act (815 ILCS 5/2.1) defines the term "security" as any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit sharing agreement, collateral trust certificate, preorganization certificate or subscription, transferable share, investment contract, investment fund share, face-amount certificate, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas or other mineral lease, right or royalty, any put, call, straddle, option, or privilege on any security, certificate of deposit, or group or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option or privilege entered into on a national securities exchange relating to foreign currency, or, in general, any interest or instrument commonly known as a "security", or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing. "Security" does not mean a mineral investment contract or a mineral deferred delivery contract; provided, however, the Department shall have authority to regulate these contracts as hereinafter provided.
7. That during 1998 and 1999 Respondent Palm Beach Investment Group, Inc. sold shares of stock issued or issuable by Respondent Palm Beach Investment Group, Inc. to Illinois residents as detailed and documented in the Department's Exhibits and evidence and that, at all times relevant hereto, Respondent Palm Beach Investment Group, Inc. sold said shares of stock to Illinois residents without first having registered the securities with the Illinois Secretary of State as

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required under Section 5 of the Act prior to their offer or sale.

8. That Section 12.A of the Act (815 ILCS 5/12.A) provides, inter alia, that it shall be a violation of the Act for any person to offer or sell any securities except in accordance with the provisions of the Act.
9. That Section 12.D of the Act (815 ILCS 5/12.D) provides, inter alia, that it shall be a violation of the Act for any person to fail to file with the Secretary of State any document required to be filed under any provision of the Act.
10. That by virtue of the foregoing, Respondent Palm Beach Investment Group, Inc., has violated Sections 12.A and 12.D of the Act.
11. That Section 11.E.(2) of the Act (815 ILCS 5/11.E(2)) provides that if the Secretary of State shall find that any person has violated subsection D of Section 12 of the Act, the Secretary of State may by written order temporarily or permanently prohibit or suspend the person from offering or selling any securities, any mineral investment contract, or any mineral deferred delivery contract in this State, provided that any person who is the subject of an order of permanent prohibition may petition the Secretary of State for a hearing to present evidence of rehabilitation or change of circumstances justifying the amendment or termination of the order of permanent prohibition.
12. That Section 11.E.(4) of the Act (815 ILCS 5/11.E(4)) provides in addition to any other sanction or remedy contained in Subsection E, 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 not to exceed \$10,000 for each violation of the Act, and may issue an order of public censure against the violator.
13. That Respondent Palm Beach Investment Group, Inc. violated the Act on at least two separate occasions. Specifically, Respondent Palm Beach Investment Group, Inc. offered to sell or sold unregistered securities to Illinois residents and Respondent Palm Beach Investment Group, Inc. failed to register the securities.

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14. The entry of a Final Order of Prohibition and a fine of \$5,000 per violation is proper in this case, given the conduct of Respondent Palm Beach Investment Group, Inc. as described in Secretary of State Exhibits No. 1-19, as well as the fact that Respondent Palm Beach Investment Group, Inc. failed to appear at the hearing and properly answer the charges.

WHEREAS, the proposed Conclusions of Law are correct and are adopted by the Secretary of State as follows:

1. After proper notification, the Complainant may proceed with a hearing in the Respondent's absence. (735 ILCS 5/1-105 and 5/2-1301; Ryan v. Bening, 1978, 22 Ill. Dec. 873, 66 Ill. App.3d 127, 383 N.E.2d 681; Koenig v. Nardullo, 1968, 99 Ill. App. 480, 241 N.E.2d 567; In Re the Marriage of Garde, 1983, 73 Ill. Dec. 816, 118 Ill. App. 3d 303, 454 N.E. 2d 1065.) Significantly, the Notice of Hearing outlines that a default judgment may be entered against a Respondent who fails to appear or answer the charges.
2. That Respondent failed to register a security prior to the offer to sell or sale of said security as defined by 815 ILCS 5/2.1, 815 ILCS 5/2.5 and 815 ILCS 5/5. The failure of the Respondent Palm Beach Investment Group, Inc. to register the security is a violation of 815 ILCS 5/12.D. The offer to sell or sale by Respondent Palm Beach Investment Group, Inc. of an unregistered security is in violation of 815 ILCS 5/12.A.
3. That by virtue of the foregoing, the Respondent Palm Beach Investment Group, Inc. is subject to an Order of Prohibition in the State of Illinois, a \$5,000 fine for each violation of the Act, and/or granting of such other relief as may be authorized under the Act.
4. Because of the Findings of Fact, the evidence and exhibits admitted as Secretary of State Exhibits No. 1-19, as well as the fact that the Respondent Palm Beach Investment Group, Inc. failed to answer the charges or appear at the hearing, the entry of a written Order of Prohibition pursuant to 815 ILCS 5/11.E(2) which permanently prohibits the offer or sale of securities by the Respondent Palm Beach Investment Group, Inc. in the State of Illinois, and a \$10,000 fine pursuant to

