

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: SBU, Inc., ITS OFFICERS,
DIRECTORS, EMPLOYEES, AGENTS,
AFFILIATES, SUCCESSORS AND) File No 9900614
ASSIGNS AND JAMES R. GIBSON,)
MARJORIE G. GIBSON AND JACQUELYNE)
M. LITTLE)

ORDER OF PROHIBITION AND FINE

TO THE RESPONDENT: SBU, Inc.
720 Olive Street
St. Louis, Missouri 63101

James Gibson
President
SBU, Inc.
720 Olive Street
St. Louis, Missouri 63101

Marjorie M. Gibson
720 Olive Street
St. Louis, Missouri 63101

Jacqueline M. Little
Vice President
SBU, Inc.
720 Olive Street
St. Louis, Missouri 63101

c/o Arthur S. Margulis, Esq.
Margulis, Grant & Margulis, P.C.
Attorneys at Law
11 South Meramec Avenue
Suite 1330
St. Louis, Missouri 63105

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;

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WHEREAS, the proposed Findings of Facts and Conclusions of Law and Recommendation of the Hearing Officer, Thomas Londrigan, Jr., 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 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.
4. As no Answer was filed, the Respondents are therefore deemed to be in default.
5. That all times relevant hereto, the Respondent, SBU, Inc. was a purported Missouri business entity, which maintains a last known business address of 720 Olive Street, St. Louis, Missouri 63105 and Jacquelyne M. Little, James R. Gibson are officers or directors of SBU, Inc. and Marjorie G. Gibson is married to James R. Gibson and knowledgeable about his company and its business activities.
6. That 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

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"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 the Respondents induced Illinois residents to purchase said securities as detailed in by Department's allegations, the guilty pleas, and stipulation of facts of the Respondents as documented in the Department's Exhibits 3, 4, and 5. The foregoing actions, representations, and or omissions were made in connection with the sale of securities. The foregoing actions, representations, and or omissions were untrue and or misleading of a material fact. The foregoing actions, representations, and or omissions tend to work a fraud upon Illinois purchasers and were made to obtain money from Illinois purchasers.
8. That 815 ILCS 5/12.F provides, inter alia, that it shall be a violation of the provisions of the Act 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.
9. That 815 ILCS 5/12.G provides, inter alia, that it shall be a violation of the provisions of the Act to obtain money or property through the sale of securities by means of any untrue statement of 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.
10. That by virtue of the foregoing, the Respondents have violated Sections 12.F and 12.G of the Act.
11. That 815 ILCS 5/11.E (2) provides that if the Secretary of State shall find that any person has violated subsection C, D, E, F, G, H, I, J, or K of Section 12 of this 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

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of circumstances justifying the amendment or termination of the order of permanent prohibition.

12. That 815 ILCS 5/11.E (4) provides that in addition to any other sanction or remedy contained in this subsection E, the Secretary of State, after finding that any provision of this Act has been violated, may impose a fine as provided by rule, regulation or order not to exceed \$10,000, for each violation of this Act, and may issue an order of public censure against the violator.
13. The entry of a Final Order of Prohibition and fine up to \$10,000 per violation is proper in this case, given the conduct of the Respondents as described in Secretary of State Exhibits No. 1-6, as well as the fact that the Respondents 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. The Respondents' actions, representations, and or omissions which were made in connection with the sale of securities and tended to work a fraud upon Illinois purchasers is a violation of 815 ILCS 5/12.F. The Respondents' actions, representations, and or omissions, which were untrue and or misleading of a material fact and were made to obtain money from Illinois purchasers is a violation of 815 ILCS 5/12.G.
3. That by virtue of the foregoing, the Respondents are subject to an Order of Prohibition in the State of Illinois and/or granting such other relief as may be authorized under the Act.
4. Because of the findings of the Order, the evidence admitted as Secretary of State Exhibits #1-5, as well

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