

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

_____))
IN THE MATTER OF: WOITEL, KELLY J.) FILE NO. C0200373
_____))

NOTICE OF HEARING

TO THE RESPONDENT: Kelly J. Woitel
CRD # 840853
619 N. Russell
Geneseo, IL 61254

You are hereby notified that, pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") and 14 Ill. Adm. Code 130, Subpart K (the "Rules"), a public hearing will be held at 69 West Washington Street, Suite 1220, Chicago, Illinois 60602, on the 9th day of July, 2003, at the hour of 10:00 a.m., or as soon thereafter as counsel may be heard, before Soula J. Spyropoulos, Esq., or another duly designated Hearing Officer of the Secretary of State.

This hearing will be held to determine whether an Order should be entered pursuant to Section 11.E of the Act prohibiting Respondent from selling or offering for sale securities in the State of Illinois and/or granting such other relief as may be authorized under the Act including but not limited to imposition of a monetary fine in the maximum amount pursuant to Section 11.E(4) of the Act, payable within ten (10) business days of the entry of the Order.

The grounds for such proposed action are as follows:

COUNT I

Fraud in the Connection with the Sale or Purchase of a Security

1. Kelly J. Woitel ("Respondent"), is an individual with a last known address of 619 N. Russell, Geneseo, IL 61254.
2. Respondent was registered as a salesperson with the Secretary of State, Securities Department ("the Department") from June, 1995 through August, 2002.

3. Respondent was registered through Multi-Financial Securities Corporation ("MFSC") from June, 1995 through August, 2002. At all relevant times, Respondent maintained an office within American Bank and Trust Co. ("Bank") located in Rock Island, Illinois.
4. Wells REIT was and is a Private Real Estate Investment Trust, which owns and leases commercial property.
5. At all relevant times, there was no publicly traded market for shares of Wells REIT.
6. As a salesperson for MFSC, Respondent offered and sold shares of Wells Real Estate Investment Trust ("Wells REIT") common stock to more than one Illinois investor.
7. In or around June, 2001, Investor A purchased through Respondent 7,500 shares of Wells REIT at \$10.00 per share for a total investment of \$75,000.00 (seventy five thousand dollars).
8. In or around June, 2001, prior to investing in Wells REIT, Investor A received a description ("Description A") of the investment in Wells REIT. Description A was on the Bank letterhead and signed by Respondent as Managing Director, Investment Division.
9. Description A contained the following information that Respondent knew or should have known was false and/or misleading:
 - a) Description A stated "Guaranteed redemption after one year with no loss of principal." In fact, Wells REIT disclosure documents ("the Prospectus") stated that share redemption was contingent on Wells REIT's ability to attract new investors. The Prospectus specifically stated, "We cannot guarantee that the funds set aside for the share redemption program will be sufficient to accommodate all requests made in any year."
 - b) Description A stated "5 year APY 8.71% and 10 year APY 10.61%." Whereas the Prospectus states Wells REIT began operations on June 5, 1998 or approximately 3 (three) years prior to the sale. The quoted annualized percent yields were misleading in that the quoted APY are for a period longer than Wells REIT had conducted operations.
 - c) Furthermore, Description A "quoted" annualized percent yields that were misleading in that the quoted APY assumed a dividend of 7.5% over the entire period. In fact, Wells REIT paid an Annualized Percent Return of 6.0% and 6.5% for the 3rd and 4th quarters of 1998, respectively, and 7.0 % Annualized Percent Return for all of 1999.

- d) Although Description A was on Bank letterhead, it failed to indicate that Wells REIT was not FDIC insured, may lose value and was not bank guaranteed.
 - e) Description A quoted a 7.5% dividend, but failed to indicate that that dividend had and would vary based upon Wells REIT operations.
10. Respondent also circulated another description on Wells REIT ("Description B") which contained the following information that Respondent knew or should have know was false and/or misleading:
- a) Description B stated that, "Funds can be removed after 1 year for emergencies (\$ for \$ redemption with no loss of principal)". Description B failed to state that Wells REIT share redemption was contingent on Wells REIT ability to attract new investors. Description B also failed to state that the Prospectus specifically stated, "We cannot guarantee that the funds set aside for the share redemption program will be sufficient to accommodate all requests made in any year."
 - b) The Description B stated "5 year APY 9.05% and 10 year APY 11.09%." Whereas, the Prospectus states that Wells REIT began operations on June 5, 1998. Again, the quoted annualized percent yields were misleading in that the quoted APY are for a period longer than Wells REIT had conducted operations.
 - c) Furthermore, the quoted annualized percent yields were misleading in that the quoted APY assumed a dividend of 7.75% over the entire period. In fact, Wells REIT paid an Annualized Percent Return of 6.0% and 6.5% for the 3rd and 4th quarters of 1998, respectively, and 7.0 % Annualized Percent Return for all of 1999.
 - d) Description B quoted a 7.75% dividend, but failed to indicate that that dividend had and would vary based upon Wells REIT operations.
11. Pursuant to MFSC's policy, Description A and Description B are either correspondence and/or advertising material.
12. MFSC's policy required all correspondence and/or advertising material to be reviewed and approved by MFSC's compliance department.
13. Although Respondent sought and received approval for other correspondence and advertising material, respondent never sought or received approval for Description A or Description B.

14. On or around April 16, 2002 thru April 19, 2002 an Auditor from the Illinois Securities Department conducted an audit ("Audit") of the securities activity of Respondent.
15. As part of that Audit, the auditor requested copies of all correspondence and advertising material.
16. Although, Respondent produced limited material responsive to the request, that material did not include Description A or Description B.
17. The activities described in paragraphs 4 and 7 constitute the offer and sale of stock and therefore securities as those terms are defined in Sections 2.1, 2.5 and 2.5a of the Act.
18. Section 12.F of the Act provides that it shall be a violation 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.
19. Based on the foregoing Respondent has violated Section 12.F of the Act.
20. Section 12.G of the Act provides that it shall be a violation of the Act for any person to obtain money or property thru 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 which they were made, not misleading.
21. Based on the foregoing Respondent has violated Section 12.G of the Act.
22. Section 12.H of the Act provides that it shall be a violation of the Act for any person to sign or circulate any statement, prospectus, or other paper or document required by any provision of this Act knowing or having reasonable grounds to know and material representations therein contained to be false or misleading.
23. Based on the foregoing Respondent has violated Section 12.H of the Act.
24. Section 12.I of the Act provides that it shall be a violation of the Act for any person to employ and device, scheme or artifice to defraud in connection with the sale or purchase of any security, directly or indirectly.
25. Based on the foregoing Respondent has violated Section 12.I of the Act.

COUNT II
Retroactive Revocation

- 1-17. Paragraphs 1-17 of Count I are realleged and incorporated by reference as paragraphs 1-17 of Count II and are fully set forth herein.
18. By the activities described in paragraph 14-16, Respondent impeded designees of the Secretary of State from conducting an audit.
19. Section 8.E(1)(b) of the Act provides, *inter alia*, that the registration of a salesperson may be revoked if the Secretary of State finds that the salesperson has engaged in any unethical practice in the offer or sale of securities.
20. Section 8.E(1)(g) of the Act provides, *inter alia*, that the registration of a salesperson may be revoked if the Secretary of State finds that the salesperson has violated any of the provisions of the Act.
21. Section 8.E(1)(r) of the Act provides, *inter alia*, that the registration of a salesperson may be revoked if the Secretary of State finds that the salesperson has refused or otherwise impeded designees of the Secretary of State from conducting an audit.
22. Section 8.E(3) of the Act provides, *inter alia*, that the Secretary of State may institute a revocation proceeding within two years after withdrawal became effective and enter a revocation order as of the last date on which registration was effective.
23. By virtue of the foregoing, the Respondent's registration as a salesperson in the State of Illinois is subject to revocation effective order as of the last date on which registration was effective, pursuant to Sections 8.E(1)(b), 8.E(1)(g), 8.E(1)(r) and 8.E(3) of the Act.

You are further notified that you are required pursuant to Section 1104 of the Rules to file an answer to the allegations outlined above, a Special Appearance pursuant to Section 1107 of the Rules, or other responsive pleading within thirty (30) days of the receipt of this notice. Your failure to do this within the prescribed time shall be deemed an admission of the allegations contained in the Notice of Hearing and waives your right to a hearing.

Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute default by you.

A copy of the Rules, promulgated under the Act and pertaining to Hearings held by the Office of the Secretary of State, Securities Department, is included with this Notice.

Delivery of notice to the designated representative of any Respondent constitutes service upon such Respondent.

Dated: This 15th day of May, 2003.

A handwritten signature in black ink that reads "Jesse White" with a stylized flourish at the end.

JESSE WHITE
Secretary of State
State of Illinois

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