

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: KENNETH MACQUEEN; and)
MACQUEEN CAPITAL MANAGEMENT, CORP.)
_____)

File No: C0300022

ORDER OF PROHIBITION

TO THE RESPONDENTS:

Kenneth MacQueen
10755 Deer Run Drive
Orland Park, Illinois 60467-8857
CRD# 2323098

MacQueen Capital Management, Corp.
10755 Deer Run Drive
Orland Park, Illinois 60467-8857

WHEREAS, a Temporary Order of Prohibition was issued by the Secretary of State on February 27, 2003 which prohibited Kenneth MacQueen and MacQueen Capital Management, Corp. (the "Respondents") from offering or selling securities in or from the State of Illinois until further order from the Secretary of State or his duly authorized representative;

WHEREAS, pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act"), the failure to request a hearing within thirty (30) calendar days of the entry of the Temporary Order shall constitute an admission of any facts alleged therein and constitute a sufficient basis to make the Temporary Order final.

WHEREAS, the Respondents have failed to request a hearing on the matters contained in the Temporary Order within thirty (30) calendar days of the entry of said Temporary Order and the Respondents are hereby deemed to have admitted the facts alleged in the said Temporary Order.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Findings of Fact contained in the said Temporary Order as the Secretary of State's Findings of Fact as follows:

1. Kenneth MacQueen (“MacQueen” or jointly with MacQueen Capital, below, “Respondents”) is an individual whose last known address is 10755 Deer Run Drive, Orland Park, Illinois 60467-8857. At all relevant times, Respondent was the president of MacQueen Capital Management, Corp.
2. MacQueen Capital Management, Corp. (“MacQueen Capital,” or jointly with MacQueen, above, “Respondents”) is an Illinois corporation.
3. At all relevant times Respondents managed and sold interests in a private investment fund called The Dividend Reinvestment Fund, LLC, dissolved on 9/6/97, a/k/a Drip Fund (“Drip Fund”).
4. Between 1993 and the present Respondents took in deposits in excess of \$1 million from at least ten Illinois residents and two Michigan residents. (“Investors”) for investment in the Drip Fund.
5. Most of the Investors were members of the Dutch Reform community in the southwest suburban area of Chicago. Respondent MacQueen approached the Investors and pursued relationships with them for the purpose of selling them interests in the Drip Fund.
6. Respondents’ activities described in paragraphs 3-5 involve the offer and sale of investment contracts or investment fund shares and therefore securities as those terms are defined in Sections 2.1, 2.5 and 2.5a of the Act.
7. Section 5 of the Act provides, *inter alia*, that all securities except those set forth under Section 2a of this Act, or those exempt under Section 3 of this Act, or those offered or sold in transactions exempt under Section 4 of this Act, or face amount certificate contracts required to be registered under Section 6 of this Act, or investment fund shares required to be registered under Section 7 of this Act, shall be registered either by coordination or by qualification, as hereinafter in this Section provided, prior to their offer or sale in this State.
8. At the time of the investment the Drip Fund was not registered with the Secretary of State.
9. Section 12.A of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to offer or sell any security except in accordance with the provisions of this Act.
10. Section 12.D of the Act 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 application, report or document required to be filed under the provisions of this Act.

11. Between October and December of 2002 (the "Period"), Respondents told at least two of the Investors that the Drip Fund was in a strong financial position and published statements to them that showed it had a portfolio value in excess of \$14 million, when in fact the Drip Fund was valued at under \$100 thousand.
12. During the Period, Respondents continued to accept deposits from the Investors while they were knowingly publishing statements with false and highly inflated values for the Drip Fund to certain individual members of this small inter-related community of Investors.
13. During the Period, Respondents accepted deposits from one or more Investors of at least \$100 thousand; then in January 2003 Respondents paid out at least \$40 thousand of the \$100 thousand to another Investor.
14. Section 12.F of the Act provides, *inter alia*, 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.
15. Section 12.G of the Act provides, *inter alia*, that it shall be a violation of the Act for any person 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.
16. Section 12.H of the Act provides, *inter alia*, 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 any material representation therein contained to be false or untrue.
17. Section 12.I of the Act provides, *inter alia*, that it shall be a violation 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.
18. Respondent MacQueen Capital acted as Member-Manager of the Dissolved Drip Fund, L.L.C.
19. The stated purpose of the Drip Fund, L.L.C. was to invest in equity securities.
20. Respondent MacQueen is the President of Respondent MacQueen Capital.
21. Respondents had a compensation arrangement with the Drip Fund for the duties they performed.

22. The activities of Respondent MacQueen Capital described in paragraphs 20 - 23 constitute the activities of an Investment Advisor.
23. The activities of Respondent MacQueen described in paragraphs 20-23 constitute the activities of Investment Advisor Representatives.
24. Section 12.J of the act provides, *inter alia*, When acting as an investment adviser, investment adviser representative, or federal covered investment adviser, by any means or instrumentality, directly or indirectly: (1) To employ any device, scheme or artifice to defraud any client or prospective client; (2) To engage in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client; or (3) To engage in any act, practice, or course of business which is fraudulent, deceptive or manipulative.

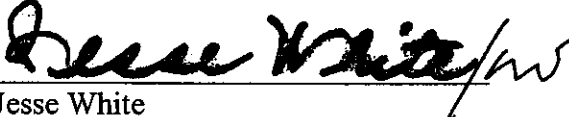
WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Conclusions of Law contained in the said Temporary Order as the Secretary of State's Conclusions of Law as follows:

By virtue of the foregoing, Respondent violated Sections 12.A, 12.D, 12.F, 12.G, 12.H, 12.I and 12.J of the Act.

NOW THEREFORE IT IS HEREBY ORDERED THAT:

1. Kenneth MacQueen and MacQueen Capital Management, Corp. are hereby PROHIBITED from offering or selling any securities in or from the State of Illinois.
2. Kenneth MacQueen and MacQueen Capital Management, Corp. are hereby PROHIBITED engaging in the business of rendering investment advice in or from this State.

ENTERED: This 15th day of May, 2003.



Jesse White
Secretary of State
State of Illinois

NOTICE: This is a final order subject to administrative review pursuant to the Administrative Review Law, [735 ILCS 5/3-101 et seq.] and the Rules and Regulations of the Act (14 Ill. Admin. Code, Ch. 1., Sec. 130.1123). Any action for judicial review must be commenced within thirty-five days from the date a copy of this Order is served upon the party seeking review.

Attorney for the Secretary of State:

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