

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

IN THE MATTER OF: GLENN JOHN KOZELUH

)
) **Case No. C0900151**
)

TEMPORARY ORDER OF PROHIBITION

TO RESPONDENT: Glenn John Kozeluh (CRD# 2364248)
3912 Venard Road
Downers Grove, Illinois 60515

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, herein find:

BACKGROUND FACTS

1. That Glenn John Kozeluh, ("Respondent Kozeluh") is an individual with a last known address of 3912 Venard Road, Downers Grove, Illinois 60515.
2. That Respondent Kozeluh was registered as a salesperson and as an investment advisor representative with the State of Illinois until February 01, 2006.
3. Between April 2006 and October 2008, Respondent issued promissory Notes that promised investors 11-25 percent rates of return due within one year of the investment ("Notes" or "Note").

BACKGROUND FACTS COMMON TO ALL COUNTS

4. Complainants, Investor PL, Investor AM, Investor WL and Investor JP are residents of the State of Illinois.
5. That on or about April 14, 2006, Respondent Kozeluh sold to Investor JP, a \$100,000.00 20% Note, with principal and interest due October 4, 2006. In exchange, JP gave Respondent a check for \$100,000.00.

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6. That on or about October 4, 2006, Respondent Kozeluh sold to Investor JP, a \$130,000.00 20% Note, with principal and interest due April 4, 2007. This Note replaced the previous Note issued to JP on April 14, 2006 for \$100,000.00. In exchange, JP gave Respondent a check for \$10,000.00.
7. That on or about October 4, 2007, Respondent Kozeluh sold to Investor JP, a \$300,000.00 20% Note, with principal and interest due April 14, 2008. This Note replaced the previous Note issued to JP on October 4, 2006 for \$130,000.00. In exchange, JP gave Respondent a check for \$144,000.00.
8. That on or about April 14, 2008, Respondent Kozeluh sold to Investor JP, a \$360,000.00 20% Note, with principal and interest due October 14, 2008. This Note replaced the previous Note issued to JP on October 4, 2007 for \$300,000.00.
9. That on or about May 12, 2008, Respondent Kozeluh sold to Investor AM, a \$400,000.00 25% Note, with principal and interest due September 12, 2008.
10. That on or about May 20, 2008, Respondent Kozeluh sold to Investor PL a \$300,000.00 22% Note, with principal and interest due on October 20, 2008.
11. That on or about June 13, 2008, Respondent Kozeluh sold to Investor PL a \$400,000.00 22% Note, with principal and interest due on October 20, 2008. This Note replaced the previous Note issued to PL on May 20, 2008 for \$300,000.00. In exchange, PL gave Respondent a check for \$100,000.00.
12. That on or about September 3, 2008, Respondent Kozeluh sold to Investor AM, a \$535,000.00 25% Note, with principal and interest due January 15, 2009. This Note replaced the previous Note issued to AM on September 12, 2008 for \$400,000.00. In exchange, AM gave Respondent a check for \$118,750.00.
13. That on or about October 14, 2008, Respondent Kozeluh sold to Investor JP, a \$500,000.00 20% Note. This Note replaced the previous Note issued to JP on April 14, 2008 for \$360,000.00.
14. That on or about October 14, 2008, Respondent Kozeluh sold to Investor JP, a \$525,000.00 20% Note. This Note replaced the previous Note issued to JP on October 4, 2007 and renewed April 14, 2008.
15. That on or about October 21, 2008, Respondent Kozeluh sold to Investor PL a \$500,000.00 22% Note, with principal and interest due March 21, 2009. This Note replaced the previous Note issued to PL on June 13, 2008 for \$400,000.00.
16. That on or about October 30, 2008, Respondent Kozeluh sold to Investor WL a \$40,000.00 11% Note, with principal and interest due November 24, 2008. In exchange, WL gave Respondent a check for \$40,000.00.

17. To date, despite demands, the Respondent has failed to pay Investors their principal and interest, pursuant to the terms of the Notes.
18. That the activities set forth in paragraphs above constitute the offer and sale of Notes, and therefore securities, as those terms are defined in Section 2.1, 2.5 and 2.5a of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*

COUNT I-SALE OF UNREGISTERED SECURITIES
815 ILCS 5/12.A and D violations: Respondent sold
unregistered securities

19. Section 12.A of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, (the "Act") states that it shall be a violation of the provisions of this Act for any person to "offer or sell any security except in accordance with the provisions of this Act."
20. Section 5 of the Act provides, *inter alia*, that all securities except those exempt under Section 3 of the Act or those offered and sold in transactions exempt under Section 4 of the Act shall be registered with the Secretary of State prior to their offer or sale in the State of Illinois.
21. Section 12.D of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, states that it shall be a violation of the provisions of the Act for any person to "fail to file with the Secretary of State any application, report or document under the provisions of this Act or any rule or regulation made by the Secretary of State pursuant to this Act or to fail to comply with the terms of any order of the Secretary of State issued pursuant to Section 11 hereof.
22. Respondent failed to file an application for registration of the above-referenced securities with the Secretary of State and as a result, the securities were not registered pursuant to Section 5 of the Act prior to their offer and sale in the State of Illinois.
23. By virtue of the foregoing, Respondent violated Sections 12.A and 12.D of the Act.

COUNT II-FRAUD IN THE OFFER OR SALE OF SECURITIES
815 ILCS 5/12.F--Respondent engaged in practices in connection
with the sale of securities that worked a fraud or deceit
on the purchaser thereof

- 1-23. The Illinois Secretary of State re-alleges and incorporates paragraphs 1 through 23 of Count I as paragraphs 1 through 23 of this Count II.

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24. Section 12.F of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, 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.”
25. The facts alleged in paragraphs 1 through 24 above allege facts that show conduct by the Respondent that violate Section 12.F of the Act. In particular: Respondent never invested the Complainants’ funds for the benefit of the Complainants and instead, Respondent converted Complainants’ money for Respondent’s own personal use and benefit.

**COUNT III-OBTAINING MONEY BY UNTRUE
STATEMENTS AND MISLEADING FACTS**
**815 ILCS 5/12.G Respondent obtained Complainants’ money
by making untrue statement of material fact
and omission to state a material fact**

- 1-23. The Illinois Secretary of State re-alleges and incorporates paragraphs 1 through 23 of Count I as paragraphs 1 through 23 of this Count III.
24. Section 12.G of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, states that it shall be a violation of the provisions 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.”
25. The facts alleged in paragraphs 1 through 24 above allege facts that show conduct by the Respondent that violate Section 12.G of the Act. In particular: Respondent represented that the Complainant’s funds would be used to invest in rehab of real estate and purchase/investment in small financial institutions, instead, Respondent converted Complainant’s money for Respondent’s own personal use and benefit.

**COUNT IV-EMPLOYMENT OF A DEVICE
OR SCHEME TO DEFRAUD**
**815 ILCS 5/12.I Respondent employed a
scheme to defraud in connection with the sale of securities**

- 1-23. The Illinois Secretary of State re-alleges and incorporates paragraphs 1 through 23 of Count I as paragraphs 1 through 23 of this Count IV.

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24. Section 12.I of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, 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.”
25. The facts alleged in paragraphs 1 through 24 above allege facts that show conduct by the Respondent that violate Section 12.I of the Act. In particular: Respondent issued to Complainants Notes that purported to replace and extend the due date of previous Notes. Instead, Respondent converted Complainant’s money for Respondent’s own personal use and benefit.

NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, **Respondent Glenn John Kozeluh** is **PROHIBITED** from offering or selling securities in or from this State.

NOTICE is hereby given that Respondent may request a hearing on this matter by transmitting such request in writing to the Director, Illinois Securities Department, 69 West 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 from the date the hearing request is received by the Department.

FAILURE BY ANY RESPONDENT TO REQUEST A HEARING WITHIN THIRTY (30) CALENDAR DAYS AFTER ENTRY OF THIS TEMPORARY ORDER OF PROHIBITION SHALL CONSTITUTE AN ADMISSION OF ANY FACTS ALLEGED HEREIN AND SHALL CONSTITUTE SUFFICIENT BASIS TO MAKE THIS TEMPORARY ORDER OF PROHIBITION FINAL.

Dated: This 8th day of July 2009.



JESSE WHITE
Secretary of State
State of Illinois

Attorney for the Secretary of State:
Felicia H. Simmons-Stovall
Enforcement Attorney

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