

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

\_\_\_\_\_  
**IN THE MATTER OF: MICHAEL HENDRIX**  
\_\_\_\_\_

)  
)  
)  
**File No. 0800568**

**NOTICE OF HEARING**

TO THE RESPONDENT:                   Michael Hendrix  
  18555 S. Kedzie Avenue  
  Homewood, Illinois 60430

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, a public hearing will be held at 69 West Washington Street, Suite 1220, Chicago, Illinois 60602, on August 12, 2009 at the hour of 10:00 a.m. or as soon as possible thereafter, before George Berebas or such other duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether an Order shall be entered prohibiting Michael Hendrix, from offering, advising the sale of, and selling securities in the State of Illinois, and/or granting such other relief as may be authorized under the Act including but not limited to the 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:

**BACKGROUND FACTS**

1. Michael Hendrix (hereinafter "Hendrix") is an individual whose last known address is 18555 S. Kedzie, Homewood, Illinois 60430.
2. Complainant is a resident of the State of Illinois.

**BACKGROUND FACTS COMMON TO ALL COUNTS**

3. On or about May 21, 2008, Respondent Hendrix sold Complainant a 50 percent interest investment contract for \$20,000.00, with principal and

Notice of Hearing

- 2 -

interest due June 5, 2008. In exchange, Complainant gave Respondent a check for \$20,000.00, made payable to Respondent Hendrix.

4. On or about June 1, 2008, Respondent Hendrix sold Complainant a 50 percent interest investment contract for \$40,000.00, with principal and interest due June 19, 2008. In exchange, Complainant gave Respondent a check for \$40,000.00, made payable to Respondent Hendrix.
5. On or about June 6, 2008, Respondent Hendrix issued Complainant a 50 percent interest investment contract for \$30,000.00, replacing the May 21, 2008 investment contract.
6. On or about June 19, 2008, Respondent Hendrix issued Complainant a 50 percent interest investment contract for \$50,000.00, replacing the two previous investment contracts.
7. To date, Respondent Hendrix has repaid the Complainant \$10,000.00 of the funds Complainant invested.
8. To date, despite demands, Complainant has not received any additional monies back from her investments.
9. Complainant did not have any pre-existing relationship with Respondents before the above referenced investments.
10. That the activities set forth in the paragraphs above constitute the offer and sale of an investment contract, 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: Respondents sold**  
**unregistered securities**

11. 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."
12. 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.

Notice of Hearing

- 3 -

13. 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.
14. Respondents 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.
15. By virtue of the foregoing, Respondents 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--Respondents engaged in practices in connection**  
**with the sale of securities that worked a fraud or deceit**  
**on the purchaser thereof**

- 1-10. The Illinois Secretary of State re-alleges and incorporates paragraphs 1 through 10 of Count I as paragraphs 1 through 10 of this Count II.
11. 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.”
12. The facts alleged in paragraphs 1 through 11 above allege facts that show conduct by the Respondent that violate Section 12.F of the Act. In particular: Respondents never invested the Complainant’s funds for the benefit of Complainant and instead, Respondent converted Complainant’s money for Respondent’s own personal use and benefit.

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

- 1-10. The Illinois Secretary of State re-alleges and incorporates paragraphs 1 through 10 of Count I as paragraphs 1 through 10 of this Count III.

Notice of Hearing

- 4 -

11. 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.”
12. The facts alleged in paragraphs 1 through 11 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 multiple real estate ventures and 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**

- 1–10. The Illinois Secretary of State re-alleges and incorporates paragraphs 1 through 10 of Count I as paragraphs 1 through 10 of this Count IV.
11. 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.”
12. The facts alleged in paragraphs 1 through 11 above allege facts that show conduct by the Respondent that violate Section 12.I of the Act. In particular: Respondent issued to Complainant investment contracts that purported to replace and extend the due date of existing investment contracts. The new investment contracts represented that the Complainant’s funds would be used to invest in multiple real estate ventures. Instead, Respondent converted Complainant’s money for Respondent’s own personal use and benefit.

You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 Ill. Adm. Code 130) (the “Rules”), to file an answer to the allegations outlined above within thirty (30) days of the receipt of this Notice. A failure to file an answer within the prescribed time shall be construed as an admission of the allegations contained in the Notice of Hearing.

Notice of Hearing

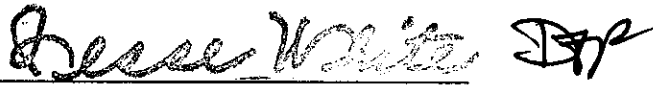
- 5 -

Furthermore, you may be requested by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute default, unless any Respondent has upon due notice moved for and obtained a continuance.

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 10th day of June 2009.

  
JESSE WHITE  
Secretary of State  
State of Illinois

Attorney for the Secretary of State:  
Felicia H. Simmons-Stovall  
Enforcement Attorney  
Office of the Secretary of State  
Illinois Securities Department  
69 West Washington Street, Suite 1220  
Chicago, Illinois 60602  
Telephone: (312) 793-3384