

CONSENT ORDER OF PROHIBITION

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- 2) Respondent IspottedYou.com Inc. is a Nevada corporation, currently in default, with a last known business address of 227 Depot Street, Antioch, Illinois.
- 3) Respondent Kelsey represented himself as the director, owner, officer and/or President of IspottedYou.com Inc.
- 4) Beginning in 2006, Respondents directly sold and offered to sell securities in the form of stock to the general public, including residents and senior citizens of the State of Illinois ("Investors").
- 5) On January 28, 2010, the Illinois Secretary of State Securities Department Permanently Prohibited the Respondents "from offering or selling securities in or from the State of Illinois".
- 6) The Illinois Secretary of State Securities Department found that the Respondents violated Sections 12.a, 12.d, 12.c, and 12.g of the
- 7) Respondents were sent a request for information from the Illinois Secretary of State Securities Department (the "Department") in the form of an 11.C letter dated November 8, 2011.
- 8) Respondents sent a notarized Affidavit in response to the Department request dated November 22, 2011 and said document was signed by Richard R. Kelsey.
- 9) Respondents limited their response to two Illinois investors only, and failed to state that they sold from the State of Illinois to investors in other states.
- 10) Respondents also admitted in their response that there were at least 2 Illinois investors after they were Permanently Prohibited from offering or selling securities in or from the State of Illinois.
- 11) Respondents failed to inform the investors sold stock after the Permanent Prohibition Order was issued, that the Illinois Secretary of State Securities Department Permanently Prohibited Respondents from offering or selling securities in or from the State of Illinois.
- 12) To date, Illinois investors have not received any return on their investments, and the respondent has failed to have their investment returned or any accounting of investment.
- 13) The activities described above constitute the offer and sale of a stock and therefore a security as those terms are defined in Sections 2.1, 2.5, and 2.5a of the Illinois Securities Law of 1953 [815 ILCS 5/1 *et. seq.*] (the "Act").

COUNT I. FRAUD

- 1) Paragraphs 1-13 are re-alleged and incorporated by reference.
- 2) Respondents refused or omitted, to inform Investors that purchased after the Department's Order of Prohibition in January of 2010, that the Respondents were Prohibited from offering or selling securities to or from the State of Illinois.
- 3) Respondents gave a false statement to the Department in the form of an 11.C notasrized response that contains false or misleading information.
- 4) Section 12.D of the Act provides, *inter alia*, that it shall be a violation 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 the Act or any rule or regulation made by the Secretary of State pursuant to the Act."
- 5) Section 12.G of the Act states that it shall be a violation of the provisions of this 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." 815 ILCS 5/12.G.
- 6) By virtue of this foregoing conduct, Respondents violated Sections 12.D and 12.G of the Act.

COUNT II. FAILURE TO REGISTER SECURITIES

- 1) Paragraphs 1-13 are re-alleged and incorporated by reference.
- 2) The activities described above constitute the offer and sale of a Stock and therefore a security as those terms are defined in Sections 2.1, 2.5, and 2.5a of the Illinois Securities Law of 1953 [815 ILCS 5/1 *et. seq.*] (the "Act").
- 3) Section 5 of the Act provides, *inter alia*, that all securities except those exempt under Section 3 or those offered or sold in transactions exempt under Section 4 "shall be registered either by coordination or by qualification prior . . . to their offer or sale" in the State of Illinois.
- 4) Respondents failed to file with the Secretary of State an application for registration of the securities described above as required by the Act and, as a result, the security was not registered pursuant to Section 5 of the Act prior to its offer in the State of Illinois.

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- 5) Section 12.A of the Act provides, *inter alia*, that it shall be a violation for any person “to offer or sell any security except in accordance with the provisions of the Act.”
- 6) Section 12.D of the Act provides, *inter alia*, that it shall be a violation 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 the Act or any rule or regulation made by the Secretary of State pursuant to the Act.”
- 7) By virtue of the foregoing, Respondent violated Sections 12.A and 12.D of the Act.

COUNT III. UNREGISTERED DEALER/SALESPERSON

- 1) Paragraphs 1-13 are re-alleged and incorporated by reference.
- 2) Respondent was never registated to offer or sell securities and was Permanently Prohibited “from offering or selling securities in or from the State of Illinois” by the Illinois Secretary of State Securities Department in January of 2010.
- 3) Through the conduct described above, the respondent acted as a dealer and/or salesperson for the sale of Stock, Notes and investment contracts to investors.
- 4) That 12.C of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to act as a dealer, salesperson unless registered such, where such registration is required under this Act.
- 5) That at all relevant times, the respondents were not registered as a dealer and/or salesperson under the Act.
- 6) That by acting as a salesperson and/or dealer and an investment advisor and/ or investment advisor in the State of Illinois, without being registered as such, respondent violated section 12.C of the Act.

COUNT IV. Violation of an Order of Prohibition

- 1) Paragraphs 1-13 are re-alleged and incorporated by reference.
- 2) Respondents were permanently prohibited from offering and selling securities in January of 2010 by the Illinois Secretary of State Securities Department and Respondents have continued to offer and sell stock for Ispottedyou.com.

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- 3) That the respondent violated the 2010 Order by offering and selling securities in the State of Illinois without complying with the Act.
- 4) Section 12.A of the Act provides, *inter alia*, that it shall be a violation for any person “to offer or sell any security except in accordance with the provisions of the Act.”
- 5) Section 12.D of the Act provides, *inter alia*, that it shall be a violation 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 the Act or any rule or regulation made by the Secretary of State pursuant to the Act.”
- 6) That by virtue of the foregoing violations the Respondent, violated Sections 12.A and 12.D of the Act.

WHEREAS, by means of the Stipulation Respondents have acknowledged that the following shall be adopted as the Secretary of State's Conclusion of Law:

Respondents violated Section 12.A, 12.D, 12.C, and 12.G of the Act.

WHEREAS, by means of the Stipulation Respondent has acknowledged and agreed that they are fined in the amount of Ten Thousand Dollars (\$10,000.00).

WHEREAS, the Secretary of State, by and through his duly authorized representative, has determined that the matter related to the foresaid formal hearing may be dismissed without further proceedings.

NOW THEREFORE IT SHALL BE AND IS HEREBY ORDERED THAT:

1. The Respondents shall be PROHIBITED from offering and selling securities in or from the State of Illinois in compliance with the Illinois Securities Law of 1953.
2. The Respondent is fined in this matter in the amount Ten Thousand Dollars (\$10,000.00) made payable to the Office of the Secretary of State, and on January 26, 2012 has submitted Ten Thousand Dollars (\$10,000.00) in payment thereof.
3. The Department shall retain jurisdiction over this proceeding for the sole purpose of enforcing the terms and provisions of the Stipulation herein.

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4. The formal hearing scheduled on this matter is hereby dismissed without further proceedings.

Entered: This 26th day of January, 2012



JESSE WHITE
Secretary of State
State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of the Section 12.D of the Act. Any person or entity who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of the order, shall be guilty of a Class 4 Felony.

This is 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 Illinois Securities Act, {14 Ill. Admin. Code Ch. I, Section 1360.1123}. Any action for Judicial Review must be commenced within thirty-five (35) 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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