

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

IN THE MATTER OF:)
MICHAEL A. CALACE, a/k/a Michael Anthony,)
d/b/a SILVER SWORD INTERNATIONAL,)
its/his partners, officers and directors, agents,)
employees, members, affiliates, successors and assigns.)

FILE NO. 1000261

**TO RESPONDENT: Michael A. Calace
d/b/a Silver Sword International
500 North Michigan Av
Suite 300
Chicago, IL 60611**

And

**Michael A. Calace
a/k/a Michael Anthony
d/b/a Silver Sword International
World Trade Center
404-999 Canada Place
Vancouver, BC V6C 3E2
Canada**

And

**Michael A. Calace
a/k/a Michael Anthony
d/b/a Silver Sword International
9 Rowland Place
Westport, Connecticut 06880**

ORDER OF PROHIBITION AND FINE

WHEREAS, the above-captioned matter came on to be heard on August 24, 2011 pursuant to Notice of Hearing dated May 31, 2011 and served on Respondent through the Secretary of State Index Department after certified mail efforts were unsuccessful, and the record of the matter under the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") has been reviewed by the Secretary of State or his duly authorized representative.

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WHEREAS, the rulings of the Hearing Officer on the admission of evidence and all motions are deemed to be proper and are hereby concurred with by the Secretary of State.

WHEREAS, the proposed Findings of Fact, Conclusions of Law and Recommendations of the Hearing Officer, James Kopecky, Esq., in the above-captioned matter have been read and examined.

WHEREAS, the following proposed Findings of Fact of the Hearing Officer are correct, and are hereby adopted as Findings of Fact of the Secretary of State:

I. Proposed Findings of Fact

Based on the evidence presented, the Hearing Officer finds that:

1. The Department timely served Respondent with a Notice of Hearing.
2. The Respondent failed to answer, appear, or submit a responsive pleading.
3. The Respondent did not appear at the Hearing.
4. Respondent Michael A. Calace has last known addresses of 500 North Michigan Av., Suite 300, Chicago, Illinois 60611, and World Trade Center, 404-999 Canada Place, Vancouver, B.C. V6C 3E2, Canada and 9 Rowland Place, Westport, Connecticut 06880.
5. Between May 2005 and February 2006, Respondent Calace, while conducting business within the State of Illinois under the name "Silver Sword International" issued and sold two (2) promissory notes (hereinafter "Note 1" and "Note 2") to at least one Illinois resident (hereinafter "Investor").
6. Each of the two Notes was entitled "Silver Sword International Promissory Note Certificate".
7. Note 1, in the amount of \$250,000, was dated July 13, 2005 and provided for 25% interest per annum for a period of 18 months.
8. Note 2, in the amount of \$300,000, was dated February 27, 2006 and provided for 25% interest per annum for a period of 24 months.
9. Calace promised Investor that the funds would be used to produce and promote a motion picture, and there would be no risk to Investor that the invested funds would not be repaid in the time frames described in the Notes.
10. Investor paid Respondent Calace a total of \$550,000 (payments of \$250,000 for Note 1, and \$300,000 for Note 2) to purchase the Notes and the payments were placed and accepted into Calace's bank account.

11. Respondent failed to pay Investor any of the principal or interest due on the Notes.
12. Respondent failed and refused to notify Investor of the risk involved in the purchase of the Notes that could result in the loss of the money paid by the Investor.

WHEREAS, the following proposed Conclusions of Law are correct, they are hereby adopted as Conclusions of Law of the Secretary of State:

II. Proposed Conclusions of Law

Based on the evidence presented and an application of the law to those facts, the Hearing Officer concludes:

1. The Department properly served the Notice of Hearing on Respondent.
2. The Notice of Hearing included the information required under Section 1102 of the Code.
3. The Secretary of State has jurisdiction over the subject matter pursuant to the Act.
4. Because of Respondent's failure to file a timely answer, special appearance or other responsive pleading in accordance with Section 13.1104:
 - (a) the allegations contained in the Notice of Hearing are deemed admitted;
 - (b) Respondent waived his right to a hearing;
 - (c) Respondent is subject to an Order of Default.
5. Because the Respondent failed to appear at the time and place set for hearing, in accordance with Section 130.1109, he:
 - (a) waived his right to present evidence, argue, object or cross examine witnesses; or
 - (b) otherwise participate at the hearing.
6. The activities set forth in paragraphs 5 through 10 of the Findings of Fact above constitute the offer and sale of stock, and therefore a security, 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.
7. 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.

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8. 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.

9. By virtue of the foregoing, Respondent violated Sections 12.F and 12.G of the Act and will violate them again if they make further offers, or if they make any sales of Notes or other securities described above in the State of Illinois.
10. Section 11.E(4) of the Act provides, *inter alia*, that if the Secretary of State, after finding that any provision of the Act has been violated, may impose a fine as provided by rule, regulation or order not to exceed \$10,000.00 for each violation of the Act.

NOW THEREFORE IT IS HEREBY ORDERED THAT:

1. An Order of Default is entered against Respondent Michael Calace, a/k/a Michael Anthony, d/b/a Silver Sword International.
2. Respondent Michael Calace, a/k/a Michael Anthony, d/b/a Silver Sword International, his partners, officers and directors, agents, employees, members, affiliates, successors and assigns are Prohibited from selling or offering for sale securities in the State of Illinois;
3. Respondent Michael Calace is fined \$20,000 (Twenty Thousand Dollars) to be paid to the Illinois Secretary of State, Securities Department within 30 (thirty) days of the entry of this Order.

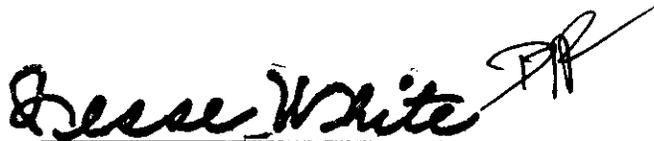
NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12.D of the Act. Any person or entity that fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of this Order, shall be guilty of a Class 4 felony for each offense.

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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 (35) days from the date a copy of this Order is served upon the party seeking review.

ENTERED this 29th day of September 2011.

A handwritten signature in black ink that reads "Jesse White". To the right of the signature, there are two initials, "JR", written in a similar cursive style.

JESSE WHITE
Secretary of State
State of Illinois

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