

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

**IN THE MATTER OF:**  
**TAMARA R. HARRELL,**  
**PRESCOTT INVESTMENTS, INC.**  
**and**  
**its managers, officers, affiliates, subsidiaries, representatives,**  
**successors, and assigns.**

**FILE NO. 0800092**

**ORDER OF PROHIBITION**

**TO RESPONDENTS:**

**Tamara R. Harrell**  
**3740 Martin Luther King Drive**  
**Chicago, Illinois 60637**

**Prescott Investment, Inc.**  
**215 East 31<sup>st</sup> Street**  
**Chicago, Illinois 60616**

WHEREAS, the above-captioned matter came to be heard on December 2, 2009 pursuant to the Notice of Hearing dated October 13, 2009, served on the Respondents by Petitioner Secretary of State, 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.

WHEREAS, the rulings of the Hearing Officer on the admission of evidence and all motions are deemed 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, Soula J. Spyropolous, Esq., in the above captioned matter have been read and examined.

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

1. The Department served Respondents with the notice of hearing on October 13, 2009.
2. The Hearing was scheduled for December 2, 2009, at which time Respondents failed to appear either in person or through their attorney.
3. Respondent failed to answer or otherwise appear at the hearing in accordance with Section 130.1104, therefore,
  - a. The allegations contained in the notice of hearing and complaint are deemed admitted.
  - b. Respondents waived their right to a hearing.

- c. Respondents are subject to an order of Default.
4. Due notice having been given to the Respondents, the Department was allowed to proceed to a Default Hearing. The hearing included the testimony of investigator David Stephenson and attorney, Angela Angelakos, as well as numerous documents which were offered and admitted into evidence.
  5. Respondent Prescott Investments, Inc., ("Prescott") is an Illinois corporation with a last known address of 215 East 31<sup>st</sup> Street, Chicago, Illinois 60616.
  6. Respondent Tamara R. Harrell ("Harrell") is the President of Prescott and has a last known address of 3740 Martin Luther King Drive, Chicago, Illinois 60637.
  7. In April 2007, Harrell solicited investments from at least one Illinois resident ("Investor").
  8. In September 2007, the Investor was solicited by the Respondent to pay Five Thousand Dollars (\$5000) to Harrell in exchange for a promise by Prescott that the money would be used in the purchase, rehabilitation, and resale of foreclosed properties.
  9. On September 26, 2007, Respondent Harrell and the Investor had an oral agreement where the Investor would paid Harrell a total of \$5000 and Prescott would triple and distribute the initial investment of \$5,000 within (30) days.
  10. The oral agreement was reduced to a hand written contract that changed the terms of the initial agreement. In this contract, the Investor was promised that Prescott would double and distribute the initial investment of \$5,000 within sixty (60) days of the initial investment on September 26, 2007.
  11. In or about September 2008, one year after the initial investment, the Investor had not received any of the principal or interest guaranteed by Respondent Harrell.
  12. At this time, the Investor filed a police report with the Chicago Police Department and Respondent Harrell was arrested in September 2008.
  13. To date, after several demands, Respondent Harrell has only repaid \$5,000 of the principal invested by the Investor.
  14. To date, despite demands, Complainant has not received any of the interest due back from her investment.
  15. Harrell's activities described above involve the offer and sale of a note and/or an investment contract as those terms are defined in Sections 2.1, 2.5 and 2.5a of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act").

### **FRAUD IN THE SALE OF SECURITIES**

16. Respondent Harrell represented that she was a licensed real estate attorney while soliciting the Investor and negotiating the terms of the investment contract.

17. Respondent Harrell failed to disclose to the Investor that the Illinois Supreme Court disbarred her on September 23, 1994, which was approximately thirteen (13) years prior to this transaction.
18. Respondent Harrell failed to disclose to the Investor any risks involved in the Investment Contract that Prescott would not pay the promised principal or interest according to the terms of the signed agreement.
19. Respondent Harrell, at the time of the Investment Contract, failed and refused to notify the Investor that the principal would be converted to her own benefit rather than used to generate interest for the Investor's benefit.
20. 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".
21. 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 the light of the circumstances under which they were made, not misleading.
22. 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".
23. By virtue of the foregoing, Harrell violated Sections 12.F, 12.G and 12.I of the Act.

### **FAILURE TO REGISTER SECURITIES**

24. Section 5 of the Act provides, *inter alia*, that "all securities except those set forth under Section 2a of this Act...or those exempt...shall be registered...prior to their offer or sale in this State.
25. Prescott failed to file an application with the Secretary of State to register the investment contract as required by the Act, and as a result the investment contract was not registered as such prior to their sale in the State of Illinois.
26. Section 12.A of the Act provides, *inter alia*, that it shall be a violation of the Act to offer or sell any security except in accordance with the provisions of the Act.
27. Section 12.D of the Act provides, *inter alia*, that it shall be a violation of the Act to fail to file with the Secretary of State any application, report or document required to be filed under the provisions of this Act or any rule or regulation made by the Secretary of State pursuant to the Act or to fail to comply with the terms of any order of the Secretary of State issued pursuant to Section 11 hereof.

28. By virtue of the foregoing, Harrell violated Sections 12.A and 12.D of the Act.

**FAILURE TO RESPOND TO AN ILLINOIS SECURITIES DEPARTMENT SUBPOENA  
DUCES TECUM AND SUBPOENA AD TESTIFICANDUM**

29. On July 9, 2009, the Department issued a Subpoena Duces Tecum and a Subpoena Ad Testificandum in the matter of File No. 08-00092 and the Illinois Department of Securities (“Department”) Investigators David Stephenson and Frank Perry personally served the Subpoenas to Respondents Tamara Harrell and Prescott Investment Inc.
30. Attached to each of the Subpoenas was a “Schedule A” listing the documents or information to be produced.
31. The due date for the Subpoena Duces Tecum was July 15, 2009.
32. The due date for the Subpoena Ad Testificandum was July 17, 2009.
33. As of Wednesday, July 15, 2009, the Department had not received any documents or information responsive to the Subpoena.
34. As of Wednesday July 15, 2009, the Respondent neither requested nor received an extension of time to respond to the Subpoena.
35. As of Friday, July 17, 2009, the Respondent failed to appear before the Department with the requested documents or information.
36. As of Friday, July 17, 2009, the Respondent neither requested nor received an extension of time to respond to the Subpoena.
37. On July 22, 2009, the Department received a letter from the Respondent that stated that she would not be complying with the Subpoenas until more information regarding the violations were provided.
38. The Subpoenas were issued pursuant to Section 11.D(1) of the Illinois Securities law of 1953 (815 ILCS 5/1 et. seq.) (the “Act”).
39. Section 11.D of the Act states, inter alia, that the Secretary of State or a person designated by him or her may require by subpoena the production of any books and records, papers, or other documents which the Secretary of State or a person designated by him or her deems relevant or material to the inquiry.
40. The Respondents Tamara R. Harrell and Prescott Investment Inc. failed to respond to the Subpoenas in a timely manner and failed to produce documents by the due date.
41. that were subpoenaed by the Department pursuant to the authority granted under Section 11.D(1) of the Act.

42. By virtue of the foregoing, Respondents failure to respond to the Subpoenas by the due date impeded designees of the Secretary of State from conducting an investigation under Section 11.D(1) of the Act.

**WHEREAS, the following proposed Conclusions of Law made by the Hearing Officer are correct and are hereby adopted as the Conclusions of Law of the Secretary of State:**

1. By virtue of this conduct, Respondents Harrell and Prescott Investments violated Sections 12.A, 12.D, 12.F, 12.G, and 12.I of the Act.
2. By virtue of the foregoing, Respondents Harrell and Prescott Investments, and each of their partners, members, officers and directors, agents, employees, affiliates, successors and assigns are subject to, pursuant to Section 11.F of the Act, an Order which prohibits them from offering or selling securities in the State of Illinois.

**WHEREAS, the Hearing Officer recommends that:**

1. The Department's request for a Default judgment against the Respondents Tamara R. Harrell and Prescott Investments, Inc. is granted.
2. A permanent Order shall be entered prohibiting Respondents Tamara R. Harrell and Prescott Investments, Inc from offering or selling securities in or from the State of Illinois.

The Secretary of State adopts the Recommendations made by the Hearing Officer in their entirety.

**NOW THEREFORE, IT IS HEREBY ORDERED THAT:**

1. The Department's request for a Default Judgment against Respondents Tamara R. Harrell and Prescott Investments, Inc is granted.
2. Pursuant to Section 11.F of the Act, Respondents Tamara R. Harrell and Prescott Investments, Inc and each of the Respondents' partners, members, officers and directors, agents, employees, affiliates, successors and assigns are hereby **PROHIBITED** from offering or selling any securities in or from the State of Illinois.

Dated: 7th day of September, 2011.

  
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 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 Illinois Securities Act, {14 Ill. Admin. Code Ch. I, Section 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.**

Attorney for the Secretary of State:

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