

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

IN THE MATTER OF:

Richard J. Osty, aka Ostapowicz;

Ronald Moore;

RO Financial Group, LLC

its partners, members, officers, directors,
agents, employees, affiliates, successors
and assigns;

RKM, Inc,

its partners, members, officers, directors,
agents, employees, affiliates, successors
and assigns;

Heritage Community Homes, Inc.,

its partners, members, officers, directors,
agents, employees, affiliates, successors
and assigns; **and**

Building Design System, LLC.,

its partners, members, officers, directors,
agents, employees, affiliates, successors
and assigns;

File Number: 0900540

NOTICE OF HEARING

TO RESPONDENTS:

Richard J. Osty (CRD # 8985419)
12106 S. Maple Avenue
Blue Island, IL 60406

Richard J. Osty
2233 S. Highland Ave, Unit 208
Lombard, Illinois 60148

Ronald Moore
120 East Ogden, Suite 206
Hinsdale, Illinois 60521

RO Financial Group, LLC
120 East Ogden, Suite 206
Hinsdale, Illinois 60521

Notice of Hearing

2

RKM, Inc.
913 E. Elm Street
Wheaton, Illinois 60187

Building Design System, LLC.
120 East Ogden, Suite 206
Hinsdale, Illinois 60521

Heritage Community Homes, LLC.
120 East Ogden, Suite 206
Hinsdale, Illinois 60521

Courtesy Copy to

Respondent Attorney:

Jeremy Unruh
Polsjnelli Shughart, P.C.
161 North Clark Street Suite #4200
Chicago, Illinois 60601-3206

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 the 2nd day of June, 2010 at the hour of 10:00 a.m. or as soon as possible thereafter, before James Kopecky Esq., 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 pursuant to Section 11.E of the Act prohibiting Richard J. Osty, Ronald Moore, RO Financial Group, LLC, and his/its partners, members, officers, directors, agents, employees, affiliates, successors and assigns, Heritage Community Homes, and his/its partners, members, officers, directors, agents, employees, affiliates, successors and assigns, and RKM Inc. and his/its partners, members, officers, directors, agents, employees, affiliates, successors and assigns, Building Design Systems, LLC., (the "Respondent ") from selling or offering for sale 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 of the Act, payable within ten (10) business days of the entry of the Order.

The grounds for such proposed action are as follows:

I. FRAUD

1. Respondent Richard J. Osty ("Osty") is a natural person with the last known business address of 120 East Ogden, Suite 206, Hinsdale, Illinois.
2. Respondent Ronald Moore (Moore) is a natural person with the last known business address of 120 East Ogden, Suite 206, Hinsdale, Illinois.

Notice of Hearing

3

3. Respondent RO Financial Group, LLC. is an Illinois Limited Liability Corporation with a last known business address of 120 East Ogden, Suite 206, Hinsdale, Illinois.
4. Respondent RKM, Inc. is an Illinois Corporation, which was involuntarily dissolved November of 2008, with a last known address of 913 E. Elm Street, Wheaton, Illinois.
5. Respondent Heritage Community Homes LLC. is an Illinois Limited Liability Company, which list Respondent Osty as the president and agent.
6. Respondent Building Design System, LLC. is an Illinois Limited Liability Company, which list Respondent Osty as the president and agent.
7. Respondent Osty represented himself as the owner, officer or President of RO Financial Group, LLC and contacted the investors directly to offer and sell securities.
8. Respondent Moore represented to investors that he was the president of RKM, Inc and contacted investors directly to offer and sell securities.
9. Beginning in 2006 and continuing to present, Respondents directly sold and offered to sell securities in the form of investment contracts and promissory notes to the general public, including residents and senior citizens of the State of Illinois (“Investors”).
10. Respondents touted the investment as an investment in building “green” housing in economically challenged areas.
11. Respondents represented to investors that they would receive a return on their money; the investors understanding of the return varies from the interest being equal to 10% to 150% of the investment, which is equal to 10% of the loan amount.
12. Respondents initially had the investors sign a “pre-construction agreement-right of first refusal” also called a “reservation” for a real estate contract which promised the investors a refund within thirty (30) day of their request.
13. Respondents approached the investors for additional funds, asking for a “special assessment”.
14. Respondents told investors that their money was being held in escrow and that there was a Series LLC in preparation and the attorney was hired to prepare the Series LLC.
15. Respondents placed some of the investor funds in an escrow account and then proceeded to dissipate the monies for personal use.

Notice of Hearing

4

16. Respondents failed to keep the investors' money into escrow accounts or file for a Series LLC.
17. Respondent Osty failed to disclose to investors that he had been Permanently Prohibited from offering or selling Securities in the State of Illinois.
18. 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, nor have investors received a refund more than 120 days after their request for said refund.
19. The activities described above constitute the offer and sale of a investment contracts and promissory notes 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").
20. 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."
21. 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.
22. By virtue of this foregoing conduct, Respondents violated Sections 12.D and 12.G of the Act.

II. FAILURE TO REGISTER SECURITIES

- 1-18. Paragraphs 1-18 are re-alleged and incorporated by reference.
19. The activities described above constitute the offer and sale of a investment contracts and promissory notes 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").
20. 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.
21. 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.

22. 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.”
23. 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.”
24. By virtue of the foregoing, Respondent violated Sections 12.A and 12.D of the Act.

Count III

UNREGISTERED DEALER/SALESPERSON

- 1-18. Paragraphs 1-18 are re-alleged and incorporated by reference.
19. Through the conduct described in paragraphs three (3) through eight (8), the respondent acted as a dealer and/or salesperson for the investment contracts and promissory notes to investors.
20. 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.
21. That at all relevant times, the respondents were not registered as a dealer and/or salesperson under the Act.
22. 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 ORDER OF PROHIBITION

- 1-18. Paragraphs 1-18 are re-alleged and incorporated by reference.
19. That on March 3, 1990, an Order of Prohibition (“1990 Order”) was served on the respondent Richard J. Osty, prohibiting him from offering or selling securities in the State of Illinois.
20. That beginning in 2006 and continuing through 2009, respondent Osty offered and sold Investment Contracts and promissory notes to investors in the State of Illinois.

Notice of Hearing

6

21. That the respondent Osty violated both the 1990 Order by offering and selling securities in the State of Illinois without complying with the Act.
22. 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.”
23. 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.”
24. That by virtue of the foregoing violations of the 1990, respondent violated Sections 12.A and 12.D of the Act.
25. The aforementioned findings are based upon credible evidence.
26. That Section 11.E(4) of the Act provides, *inter alia*, that in addition to any other sanction or remedy contained in this subsection E, the Secretary of State, after finding that any provision of this Act has been violated, may impose a fine as provided by rule, regulation or order not to exceed \$10,000, for each violation of this Act, may issue an order of public censure against the violator, and may charge as costs of investigation all reasonable expenses, including attorney’s fees and witness fees.
27. That by virtue of the foregoing, Respondent is subject to a fine, censure and costs of investigation pursuant to Section 11.E(4) of the Act.

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.

Furthermore, you may be represented 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 link 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. <http://www.cyberdriveillinois.com/departments/securities/lawrules.html>

NOTICE OF HEARING

-7-

Delivery of Notice to the designated representative of any Respondent constitutes service upon such Respondent.

Dated: This 19th day of April 2010.

A handwritten signature in black ink that reads "Jesse White" followed by a stylized flourish.

JESSE WHITE
Secretary of State
State of Illinois

Attorney for the Secretary of State:

Mary A. Lopez
Office of the Secretary of State
Illinois Securities Department
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Chicago, Illinois 60602
Telephone: (312) 793-3023

Hearing Officer:
James Kopecky
190 S. LaSalle Street, Suite 850-A
Chicago, Illinois 60603
(312) 380-6552