

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

\_\_\_\_\_  
) **IN THE MATTER OF: ARK DIRECT CAPITAL FUND, LP,** )  
) **D/B/A ARK MANAGEMENT COMPANY,** )  
) **D/B/A ARK DIRECT MANAGEMENT, LLC,** )  
) **D/B/A ARK CAPITAL MANAGEMENT,** )  
) **D/B/A ARK CAPITAL MANAGEMENT, INC., and** )  
) **MICHAEL Y. GRANGER and XCYLUR R. STOAKLEY** their )  
) **officers, partners, managers, directors, agents, employees, affiliates,** )  
) **successors and assigns.** )  
\_\_\_\_\_ )

**No. 0800350**

**TEMPORARY ORDER OF PROHIBITION**

**TO RESPONDENTS:**      **Ark Direct Capital Fund, LP**  
                                 **C/o The Corporation Trust Center**  
                                 **1209 Orange Street**  
                                 **Wilmington, Delaware 19801**  
                                 **And**  
                                 **150 North Wacker Dr.**  
                                 **Suite 2650**  
                                 **Chicago, Illinois 60606**  
  
                                 **And**  
                                 **Michael Y. Granger**  
                                 **952A Green Bay Road**  
                                 **Glencoe, Illinois 60022**  
  
                                 **And**  
                                 **Xcylur R. Stoakley**  
                                 **881 Maryknoll Circle**  
                                 **Glen Ellyn, Illinois 60137**

On information and belief, I, Jesse White, Secretary of State for the State of Illinois, through my designated representative, who has been fully advised in the premises by the staff of the Securities Department, Office of the Secretary of State, herein find:

- I      That Respondent Michael Y. Granger (hereinafter "Granger" or together with Stoakley and Ark, "Respondents") has a last known address of 952A Green Bay Road, Glencoe, Illinois 60022.

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2. That Respondent Xcylur R. Stoakley (hereinafter "Stoakley" or together with Granger and Ark "Respondents") has a last known address of 881 Maryknoll Circle, Glen Ellyn, Illinois 60137.
3. That Respondent Ark Direct Capital Fund, LP, d/b/a Ark Management Company and Ark Direct Management, LLC and Ark Capital Management and Ark Capital Management, Inc. (hereinafter "Ark" or together with Granger and Stoakley "Respondents") at all times relevant to this Temporary Order of Prohibition was a Delaware limited partnership with a last known addresses of: c/o The Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801 and 150 North Wacker Drive, Suite 2650, Chicago, Illinois 60606.
4. That at all times relevant Respondents Granger and Stoakley were the principals and general partners of Respondent Ark.
5. That the purpose of Ark was/is "to realize capital appreciation through investments in equity securities (or debt securities with equity participation features) of "middle market" companies".
6. That between September 5, 1996 and January 2008 Respondents maintained a website soliciting Illinois companies and other entities to invest money with Ark which was to be used to purchase securities.
7. That at least one Illinois pension fund ("Client") invested approximately \$3,000,000 with Ark.
8. That the activities described above in paragraphs 4, 5, 6, and 7 constitute the business of giving investment advice to others, and being an "investment advisor" as that term is defined in Section 2.11 of the Illinois Securities Law of 1953 [815 ILCS 5](the "Act").

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9. That, on numerous occasions, the Client demanded from Respondents an accounting, through balance sheets and other financial documentation, of the invested funds.
10. That Respondents failed and/or refused to provide an accounting to the Client and have yet to provide the demanded accounting.
11. That Section 12.J(2) of the Act provides, *inter alia*, that "it shall be a violation of the provisions of this Act for any person...when acting as an investment advisor...by any means or instrumentality, directly or indirectly, to engage in any practice, or course of business which operates as a fraud or deceit upon any client..."

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12. That Respondents' repeated failure and/or refusal to provide the Client with the accounting which the Client demanded operated as a fraud or deceit upon the Client.
13. That by virtue of the foregoing Respondents violated Sections 12.J(2) of the Act.
14. That the aforementioned findings are based upon credible evidence.
15. That Section 11.F(2) of the Act provides, *inter alia*, that the Secretary of State may temporarily prohibit the rendering of investment advice or the offer or sale of securities by any person, without notice and prior hearing, if the Secretary of State shall deem it necessary to prevent an imminent violation of the Act or to prevent losses to investors that will occur as a result of prior violations of the Act.
16. That the entry of this Temporary Order of Prohibition prohibiting Respondents, and their partners, officers, managers, directors, agents, employees, affiliates, successors and assigns, from rendering investment advice or from offering or selling securities in the State of Illinois is in the public interest and for the protection of the investing public and is consistent with the purposes intended by the provisions of the Act.

NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, Respondents **Ark Direct Capital Fund, LP. d/b/a Ark Management Company and Ark Direct Management LLC and Ark Capital Management and Ark Capital Management Inc., and Michael Y. Granger and Xcylur R. Stoakley and their partners, officers, managers, directors, agents, employees, affiliates, successors and assigns, are temporarily PROHIBITED from rendering investment advice and from offering or selling securities in or from this State until the further Order of the Secretary of State.**

NOTICE is hereby given that Respondents may request a hearing on this matter by transmitting such request in writing to the Director, Illinois Securities Department, 69 West Washington Street, Suite 1220, Chicago, Illinois 60602. Such request must be made within thirty (30) calendar days of the date of entry of the Temporary Order of Prohibition. Upon receipt of a request for hearing, a hearing will be scheduled as soon as reasonably practicable. A request for hearing will not stop the effectiveness of this Temporary Order of Prohibition and will extend the effectiveness of this Temporary Order of Prohibition for sixty (60) days from the date the hearing request is received by the Department.

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FAILURE BY ANY RESPONDENT TO REQUEST A HEARING WITHIN THIRTY (30) CALENDAR DAYS AFTER ENTRY OF THIS TEMPORARY ORDER OF PROHIBITION SHALL CONSTITUTE AN ADMISSION OF ANY FACTS ALLEGED HEREIN AND SHALL CONSTITUTE SUFFICIENT BASIS TO MAKE THIS TEMPORARY ORDER OF PROHIBITION FINAL.

Dated: This 12<sup>th</sup> day of September 2008.

  
JESSE WHITE  
Secretary of State  
State of Illinois

Attorney for the Secretary of State:  
James J. Tierney  
Illinois Securities Department  
69 West Washington Street  
Chicago, Illinois 60602  
312-793-9650

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SECRETARY OF STATE  
SECURITIES DEPARTMENT**

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<b>D/B/A ARK MANAGEMENT COMPANY,</b>	)	
<b>D/B/A ARK DIRECT MANAGEMENT, LLC,</b>	)	<b>No.0800350</b>
<b>D/B/A ARK CAPITAL MANAGEMENT,</b>	)	
<b>D/B/A ARK CAPITAL MANAGEMENT, INC., and</b>	)	
<b>MICHAEL Y. GRANGER and XCYLUR R. STOAKLEY</b> their	)	
officers, partners, managers, directors, agents, employees, affiliates,	)	
successors and assigns	)	

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**RESOLUTION AND EXPIRATION OF TEMPORARY ORDER**

Whereas a Temporary Order of Prohibition was entered against the Respondents on September 12, 2008,

Whereas Respondents requested a Hearing on the matter, and agreed to an extension of the Temporary Order of Prohibition to January 22, 2009;

Whereas the parties resolved the matter prior to the scheduling of a Hearing;

Now therefore:

This matter was resolved with no cause for the entry of a final order;  
The Temporary Order of Prohibition expired on January 22, 2009

This matter is hereby resolved and closed