

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

IN THE MATTER OF:

Lloyd Walter Linton , AKA L.W Linton

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File Number: 12-00240

NOTICE OF HEARING

TO RESPONDENT: Lloyd Walter Linton
697 E 1800 North Road
Edinburg, IL 62531

You are hereby notified in accordance with Sections 11.E and F of the Illinois Securities Law of 1953 [815 ILCS 5/11.E and F] (“the Act”) and 14 Ill. Adm. Code 130, subpart K, that a public hearing will be held at the Secretary of State’s office at the office of the Illinois Securities Department, 300 W. Jefferson Ave., Suite 300A, Springfield, Illinois 62702, on November 20, 2013 at the hour of 10:00 a.m. or as soon thereafter as possible before Jon K. Ellis, or such other hearing officer who shall be presiding at that time.

Said hearing will be held to determine whether an Order shall be entered which would prohibit the Respondents 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 11.E of the Act, payable within 10 (ten) days of the entry of the Order.

The grounds for such proposed action are as follows:

COUNT I
FRAUD IN THE OFFER AND SALE OF SECURITIES

1. Respondent Lloyd Walter Linton (“Linton”) is a natural person whose last known residential address is 697 E 1800 North Road, Edinburg, IL 62531

1. At all relevant times, Investor was a resident of the State of Illinois.

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2. Respondent Linton originally met Investor through community activities that her children were involved in and Respondent Linton has known Investor and Investor's children for over 30 years.
3. Respondent Linton learned that Investor had money in a bank account she was seeking to invest.
4. In or around Spring of 2010, within the state of Illinois Respondent Linton offered and sold to the Investor an investment opportunity in which Investor would invest \$20,000.00 and starting in December of 2011 Investor would receive \$2,000.00 per month for next twelve consecutive months.
5. Respondent Linton represented that the proceeds of the investment would be used in developing an assisted living facility located in Des Moines, IA.
6. To fund the investment, Respondent Linton directed Investor to write a \$10,000.00 check payable to AL (Respondent's Daughter) and write two \$5,000.00 checks payable to JB.
7. Despite Respondent Linton representing to Investor that the funds would be used in the development of an assisted living facility, Respondent Linton used the proceeds to satisfy pre-existing debts Respondent Linton owed AL and JB.
8. In or around December of 2011, Respondent Linton informed Investor that problems had arisen with owners of the properties and the project was still going through, however payments would be delayed.
9. In furtherance of the fraud, in or around, January of 2011, Respondent Linton issued a promissory note (Promissory Note) reflecting the monies invested by the Investor. The Promissory Note provided 12 monthly payments of \$2000.00 would be paid to Investor beginning in 1/2011 and ending 12/2011. In Exchange for the Promissory Note, Investor withheld any further action to recover her investment.
10. At the time of issuing the Promissory Note, Respondent Linton omitted to inform Investor that the proceeds were never invested in the assisted living facility. In addition, Respondent Linton omitted to inform Investor that the proceeds were used to satisfy pre-existing personal debts of Respondent Linton.
11. The activities described above constitute the issuance of a note, and therefore an offer and sale of 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").
12. 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.

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13. Section 12.F of the Act provides that it shall be a violation of the provisions of this 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.
14. 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.
15. Section 12.I of the Act provides that it shall be a violation of the provisions of this 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.
16. By virtue of the foregoing, the Respondents violated Sections 12.A, 12.F, 12.G, and 12.I of the Act.

COUNT II

FAILURE TO REGISTER SECURITIES

17. Paragraphs 1-16 are realleged as if fully set forth herein.
18. 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.
19. 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 securities were not registered pursuant to Section 5 of the Act prior to their offer in the State of Illinois.
20. 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.”
21. 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.”
22. By virtue of the foregoing, the Respondents violated Sections 12.A and 12 D of the Act

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NOTICE: 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 copy of the Rules and Regulations promulgated under the Illinois Securities Law and pertaining to hearings held by the Office of the Secretary of State, Illinois Securities Department, are available at the Department's website at: <http://www.cyberdriveillinois.com/departments/securities/lawrules.html>, or on request.

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

Dated: This 4th day of October 2013.



JESSE WHITE
Secretary of State
State of Illinois

Attorney for the Secretary of State

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