

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

IN THE MATTER OF:

File No. 1400097

**DD&H CONSTRUCTION, Inc., its managers,
officers, affiliates, subsidiaries, representatives,
successors, and assigns, and;
LEONARD HAYES, an individual.**

TEMPORARY ORDER OF PROHIBITION

TO THE RESPONDENTS:

**DD&H Construction, Inc.
2929 Hickory Lane
Crete, IL 60417**

**Leonard Hayes
20573 Love Drive
Lynwood, IL 60411**

WHEREAS, pursuant to the authority granted under Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act"), the Secretary of State has determined that the offer or sale of securities by any person employed by Respondent DD&H Construction, or by Respondent Leonard Hayes, is subject to a Temporary Order of Prohibition.

FACTS COMMON TO ALL COUNTS

WHEREAS, the Secretary of State finds that the grounds for such Temporary Order of Prohibition are as follows:

1. Respondent DD&H Construction, Inc. ("DD&H") was an Illinois corporation which was incorporated in the State of Illinois on November 15, 2011 and involuntarily dissolved on April 11, 2014, and has a last known address of 2929 Hickory Lane, Crete, IL 60417.
2. Respondent Leonard Hayes ("Hayes") is listed as the agent of Respondent DD&H, however on bank statements acquired by the Illinois Securities Department (the "Department") Respondent Hayes is listed as the President of Respondent DD&H. Respondent Hayes has a last known address of 20573 Love Drive, Lynwood, IL 60411.

Temporary Order of Prohibition
-1400097-

3. An Order of Prohibition was entered against Respondent Hayes and New Vision Construction of Illinois, Inc. on November 29, 2010, prohibiting them from the offer and sale of securities in the State of Illinois. Respondent Hayes was the President of New Vision Construction of Illinois, Inc. and solicited investors to invest in the construction and sale of new homes whereby investors would share in the profits. The investors never received any proceeds of their investments or the return of their principal.
4. Despite being subject to the Order of Prohibition, Respondent Hayes began soliciting investors, through Respondent DD&H, to invest in the rehab and sale of homes in the Chicagoland area.

COUNT I
FRAUD IN THE OFFER AND SALE OF SECURITIES

5. Sometime in early October 2012, Investor A, a Washington D.C., resident was introduced to Respondent Hayes. Investor A engaged in the business of purchasing houses, rehabbing them, and selling them for a profit in the D.C. area. Investor A was informed that Respondent Hayes performed the same function in the Chicagoland area.
6. On or about October 16, 2012, Investor A entered into an agreement (Joint Venture Agreement) on a property located in Park Forest IL (the "Park Forest property"), whereby Investor A would put up \$10,000 towards the purchase price of house currently owned by Respondents DD&H and Hayes who claimed to have purchased the house for \$20,000. Moreover, it was agreed that Investor A would invest an additional \$20,000 in the rehabilitation of the property which was suppose to be matched by Respondents.
7. This Joint Venture Agreement was in essence a profit sharing agreement between Investor A and Respondent DD&H whereby Investor A and Respondent DD&H would split equally (50% share) any profits made on the sale of the Park Forest property. The Joint Venture Agreement was signed by Respondent Hayes on behalf of Respondent DD&H.
8. The Joint Venture Agreement also stated that Respondent DD&H would be the general contractor and would take charge of the construction on the Park Forest house. Furthermore, title in the property was transferred by fee simple deed to Investor A to hedge Investor A's investment should the deal fall through.
9. Subsequent to this agreement between Investor A and Respondents, and per the terms of the agreement, Investor A caused two separate wire transfers to Respondent DD&H's Bank of America account on 10/18/2014 in the amount of \$17,900, and on 10/29/2012 in the amount of \$12,000.
10. Once the funds were deposited into Respondent DD&H's account, Respondent Hayes began withdrawing the funds from the account. Beginning on 10/18/2012 through 10/30/2012, Respondent Hayes executed various teller cash withdrawals at different Bank of America branches totaling \$20,600. Moreover, between 10/18/2012 through 11/5/2012 Respondent

Temporary Order of Prohibition
-1400097-

Hayes affected ATM withdrawals totaling \$1,900. This amounted to \$22,500 of the \$29,000 Investor A deposited towards the purchase and rehab of the Park Forest property. In addition to the cash withdrawals, Respondent Hayes made personal purchases drawn from Respondent DD&H's bank account.

11. While the rehabilitation of the Park Forest property was supposedly underway, Respondent Hayes approached Investor A with a similar opportunity on a property located on the south side of Chicago in the Englewood neighborhood (the "Englewood property").
12. A Joint Venture Agreement was entered into between Investor A and Respondents DD&H and Hayes on December 1, 2012, whereby Investor A would contribute \$54,000 to the working capital for the rehabilitation and construction of the Englewood property. Per the terms of the agreement, Respondents DD&H and Hayes were to match the funds invested by Investor A for the rehabilitation. Upon completion of the construction, the Englewood property was to be sold and any profits were to be split equally between Respondents and Investor A. The Joint Venture Agreement was signed by Respondent Hayes on behalf of Respondent DD&H.
13. The Joint Venture Agreement stated that Respondent DD&H was to act as the general contractor, and Respondent Hayes was to be the project manager being responsible for the direction, coordination and management of the work to assure workmanlike and timely performance of the work by all trades/subcontractors and assure all work is performed in accordance with all applicable building codes in a timely fashion.
14. As per the terms of the Joint Venture Agreement, Investor A caused a wire transfer to Respondent DD&H's bank account on 12/4/2012 in the amount of \$27,000. On 12/14/2012 Investor A deposited \$16,000 into Respondent DD&H's bank account, and wire transferred another \$13,000 on 12/24/2012 for a total investment of \$56,000 on the Englewood property.
15. As with the first property, once these funds were deposited into Respondent DD&H's account, Respondent Hayes began withdrawing the funds from the account. Beginning on 12/4/2012 through 1/7/2012, Respondent Hayes executed various teller cash withdrawals at different Bank of America branches totaling \$45,600. Moreover, between 12/5/2012 and 1/9/2012 Respondent Hayes affected ATM withdrawals totaling \$4,660. This amounted to \$50,260 of the \$56,000 Investor A deposited towards the purchase and rehab of the Englewood property. In addition to the cash withdrawals, Respondent Hayes made personal purchases drawn from Respondent DD&H's bank account.
16. Sometime in 2013, Investor A began receiving notices from the Village of Park Forest stating that the Park Forest property was in violation of local ordinances. Investor A then inspected the Park Forest property and discovered that minimal work had actually been done to the property and that no permits had been pulled by Respondents DD&H and Hayes to perform any construction on the house in violation of their Joint Venture Agreement. Due to fines and the fact that no real work had been done, Investor A was forced to sell the Park Forest property for a nominal amount on 12/12/2013 and took a \$30,000 loss on his investment.

Temporary Order of Prohibition

-1400097-

17. Investor A is unaware if any actual work was done on the Englewood property, however sometime in 2013, and upon inspection, Investor A learned that the property was occupied by individuals renting the property. Investor A also became aware of a mortgage taken out against the property by Respondents DD&H. Records show that a mortgage of \$120,000 was attached to the property on 5/31/2013, and a *lis pendens* foreclosure proceeding was commenced on 12/24/2013 against the Englewood property.
18. The mortgage established on the Englewood property along with allowing the property to be occupied by tenants was a violation of the terms of the Joint Venture Agreement between Respondents DD&H and Hayes and Investor A.
19. To date Investor A, after several demands, has not received any return on his investment from Respondents DD&H and Hayes, or any return of the \$86,000 principal invested. On information and belief, the funds invested by Investor A, contrary to their stated purpose, were not used to pay for any construction work to improve either of the properties.
20. The Joint Venture Agreements offered by Respondents DD&H and Hayes constitutes an "investment contract" and therefore is the offer or 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").
21. Section 12.A of the Act states *inter alia* that it shall be a violation of this Act for any person to offer or sell any security except in accordance with the provisions of this Act.
22. Section 12.F states *inter alia* 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 of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof.
23. Section 12.I states *inter alia* 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.
24. By virtue of the foregoing, Respondent DD&H and Respondent Hayes have each violated Sections 12.A, 12.F, and 12.I of the Act.

COUNT II

FRAUD IN THE FAILURE TO DISCLOSE

25. Paragraphs 1 through 22 are herein incorporated by reference.
26. As stated in paragraph 3, an Order of Prohibition was entered against Respondent Hayes prohibiting him from the offer or sale of securities in or from the State of Illinois.

Temporary Order of Prohibition
-1400097-

27. Respondent Hayes never disclosed to Investor A that the Order of Prohibition was entered against him and that he was prohibited from offering or selling securities in Illinois constituting an omission of a material fact.
28. Section 12.G of the Act states *inter alia* that it shall be a violation 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 the light of the circumstances under which they were made, not misleading.
29. By virtue of the foregoing, Respondent Hayes has violated Section 12.G of the Act.

COUNT III
FAILURE TO REGISTER SECURITIES

30. Paragraphs 1 through 28 are herein incorporated by reference.
31. As stated in Paragraph 20, the Joint Venture Agreements by and between Respondents DD&H and Hayes and Investor A is an investment contract and therefore a security.
32. That at no such time did Respondents DD&H and Hayes register the investment contracts with the Illinois Securities Department.
33. That 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.
34. Respondents DD&H and Hayes each failed to file an application with the Secretary of State to register the investment contracts as required by the Act, and as a result the investment contracts were not registered as such prior to their offer and sale in the State of Illinois.
35. Section 12.A of the Act states *inter alia* that it shall be a violation of this Act for any person to offer or sell any security except in accordance with the provisions of this Act.
36. Section 12.B of the Act states *inter alia* that it shall be a violation of the provisions of this Act for any person to deliver to a purchaser any security required to be registered under Section 5, Section 6, or Section 7 hereof unless accompanied or preceded by a prospectus that meets the requirements of the pertinent subsection of Section 5, Section 6, Section 7.
37. Section 12.D of the Act states *inter alia* that it shall be a violation of the provisions of this Act 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 this Act or any rule or regulation made by the Secretary of State pursuant to this Act or to fail to comply with the terms of any order of the Secretary of State issued pursuant to Section 11 hereof.

Temporary Order of Prohibition
-1400097-

38. By virtue of the foregoing, Respondents DD&H and Hayes each violated Sections 12.A, 12.B, and 12.D of the Act.
39. Section 11.F(2) of the Act states *inter alia* the Secretary of State may temporarily prohibit, for a maximum period of 90 days, by an order effective immediately, the offer or sale of securities, or the offer or sale of securities by any person, or the business of rendering investment advice without the notice and prior hearing in this subsection prescribed, if the Secretary of State shall in his or her opinion, based on credible evidence, deem it necessary to prevent an imminent violation of the Act or to prevent losses to investors which the Secretary of State reasonably believes will occur as a result of a prior violation of this Act.
40. The entry of this Temporary Order prohibiting Respondent DD&H and Respondent Hayes from offering or selling securities in or from 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.

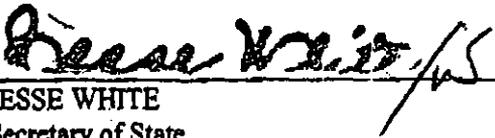
NOW IT IS HEREBY ORDERED THAT:

Respondent **DD&H CONSTRUCTION, INC.**, and any representative and employee, is **PROHIBITED** from the offer or sale of securities in or from the State of Illinois for a period of 90 days, effective June 25, 2014, subject to further order of the Secretary of State.

Respondent **LEONARD HAYES** is **PROHIBITED** from the offer or sale of securities in or from the state of Illinois for a period of 90 days, effective June 25, 2014, subject to further order of the Secretary of State.

Delivery of this Order or any subsequent notice to the designated representative of any Respondent constitutes service upon such Respondent.

Dated: This 25th day of June, 2014.


JESSE WHITE
Secretary of State
State of Illinois

Attorney for the Secretary of State:
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Temporary Order of Prohibition

-1400097-

NOTICE is hereby given that Respondent may request a hearing on this matter by transmitting such request in writing to Enforcement Attorney, Frank Loscuito, Illinois Securities Department, 69 W. 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 and will extend the effectiveness of this Temporary Order for sixty days from the date the hearing request is received by the Department.

YOUR FAILURE TO REQUEST A HEARING WITHIN THIRTY (30) DAYS AFTER RECEIPT OF THIS ORDER SHALL CONSTITUTE AN ADMISSION OF ANY FACTS ALLEGED HEREIN AND SHALL CONSTITUTE A SUFFICIENT BASIS TO MAKE THIS ORDER FINAL.

You are further notified that if you request a hearing that you may be represented by legal counsel, may present evidence; may cross-examine witnesses and otherwise participate. 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 Departments website:

<http://www.cyberdriveillinois.com/departments/securities/abtil.html>