

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: CECIL ALLEN WATKINS,
and HOUSING RESOURCES CENTER OF INDIANA, INC.) FILE NO. 0900237
its managers, officers, affiliates, subsidiaries, representatives,)
successors, and assigns.)

NOTICE OF HEARING

TO RESPONDENTS:

Cecil Allen Watkins
707 Lytle Street
Valpraiso, Indiana 46383

Housing Resources Center
of Indiana, Inc.
Cecil Allen Watkins
1201 Central Avenue,
Lake Station, Indiana 46405

You are hereby notified that pursuant to Section 11.E 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 W. Washington Street, Suite 1220, Chicago, Illinois 60602, on the 31st day of March, 2011, at the hour of 10:00 a.m., or as soon as possible thereafter, before, Soula J. Spyropoulos, Esq. or such duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether a permanent order of Prohibition should be entered against Respondent Cecil Allen Watkins. Imposition of fines not to exceed \$10,000 against the Respondent for each violation of the Act described below;

entry of orders of public censure; and charging costs of the investigation and all reasonable expenses, including attorney's fees and witness fees, in accordance with Section 11.E(4) of the Act.

The grounds for such proposed action are as follows:

INTRODUCTION

1. Respondent Cecil Allen Watkins ("Watkins") is a natural person and a licensed real estate broker in the state of Indiana with a last known address of 707 Lytle Street, Valparaiso, Indiana 46383.
2. Respondent Housing Resources Center of Indiana, Inc. (Housing Resources") is an Indiana licensed corporation engaged in the business of real estate investments with a last known address of 1201 Central Avenue, Lake Station, Indiana 46405. Respondent Watkins is the President and Registered Agent of Respondent Housing Resources.
3. Respondent Housing Resources was a purported vehicle for the purchasing, rehabilitation, and selling of residential real estate for a guaranteed profit.

COUNT I

FRAUD IN THE OFFER AND SALE OF SECURITIES

4. Respondent Watkins, through Respondent Housing Resources, obtained money from investors to finance the alleged purchase and rehabilitation of residential real estate properties. The investors were promised a safe and secure investment with annual interest payments on their principal. To further entice investors Respondent Watkins promised that the investment would be secured by a mortgage that they would place on property that he owned.
5. Respondent Watkins convinced Investor A to invest \$35,000.00 in a residential real estate rehabilitation project. Investor A is a citizen of the state of Illinois.
6. On May 12, 2006, Respondent Watkins tendered to Investor A a Note stating that for value received from Investor A in the amount of \$35,000.00, that principal plus a guaranteed return of 12 percent interest would be due and payable on May 13, 2007.

7. The Note would be secured by a mortgage made by the undersigned, Respondent Watkins, to the payee, Investor A, which said that the mortgage covers the real estate property located at 4929 Calhoun Street, Griffith, Indiana 46319.
8. The Mortgage and the Note were signed by Respondent Watkins in his individual capacity and notarized by a notary in the state of Indiana.
9. In addition, Respondent Watkins, Grantor, tendered to Investor A, Grantee, a Warranty Deed that identified the investment property located at 4929 Calhoun Street, Griffith, Indiana 46319. The Warranty Deed was signed by Respondent Watkins in his individual capacity and notarized by a notary in the State of Indiana.
10. At all relevant times, Respondent Watkins and Respondent Housing Resources never held any kind of title and/ or ownership interests, and; therefore, had absolutely no right to make these guarantees to the Grantee, Investor A, in the property identified above.
11. On May 15, 2006, Investor A tendered to Respondent Watkins a cashier's check in the amount of \$35,000.00. The cashier's check was made out to Allen Watkins, not Housing Resources Center of Indiana, Inc.
12. On May 16, 2006, Respondent Watkins indorsed and deposited the \$35,000.00 cashier's check into his personal checking account at Mercantile Bank located in Indiana.
13. To date, Respondent Watkins has failed to pay back Investor A the \$35,000.00 principal and the 12 percent interest guaranteed.
14. In or around May 2007, the approximate due date of the Note, Investor A contacted Respondent Watkins to inquire when they would receive the monies owed in this real estate investment. Investor A was relentless in contacting Respondent Watkins and any other real estate agents involved in this project.
15. Approximately one year later, Investor A discovered that Respondent Watkins did not have any ownership interests in the property. The purported mortgage on the real estate was neither Respondent Watkins, nor Respondent Housing Resources, nor any of his other corporate entities.
16. In fact, the Indiana County Recorder of Deeds confirmed that Watkins never held any ownership or title interest in the property identified above.
17. The mortgage on the property between Respondent Watkins and Investor A had to be voided since Respondent Watkins was not the record owner.

18. Furthermore, the Respondent fully acknowledged to the Illinois Securities Department that he had no ownership interest at the time he signed the Warranty Deed or any time before or thereafter.
19. Respondent Watkins 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").
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 conjunction with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof.
21. By virtue of the foregoing, Respondent violated Section 12.F of the Act.
22. 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.
23. By virtue of the foregoing, Respondent violated Section 12.G of the Act.

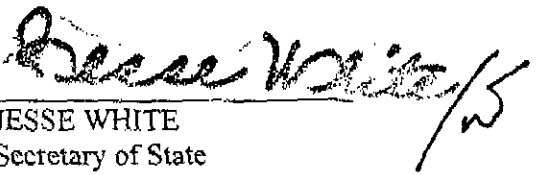
You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 Ill. Adm. Code 130) ("the rules"), to file an answer to the allegations outlined above within thirty (30) days of the receipt of this notice. The answer and all other pleadings and motions must be filed with the Illinois Securities Department by addressing them to:

Maria Pavone
Enforcement Attorney
Illinois Department of Securities
69 West Washington, Suite 1220
Chicago, Illinois 60602

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 and waives your right to a hearing. Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to appear shall constitute default. Unless the Respondent has upon due notice moved for and obtained a continuance.

The Rules promulgated under the Act and pertaining to Hearings held by the office of the Secretary of State, Securities Department may be viewed online at <http://www.cyberdriveillinois.com/departments/lawrules.html>. Delivery of Notice to the designated representative of any Respondent constitutes service upon such Respondent.

Dated: This 31st day of January 2010.


JESSE WHITE
Secretary of State
State of Illinois

Attorney for the Secretary of State:
Maria A. Pavone
Office of the Secretary of State
Illinois Securities Department
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Hearing Officer:
Soula Spyropoulos
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