

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: LUCHER HOLLOWAY,
also known as LUCHER C. HOLLOWAY
and LUCHER HOLLOWAY, JR., individually,
and doing business as
IT'S CLEAN U.S.A., LLC, also known as
IT'SCLEANUSA LIMITED; and LCH Trading Corporation.

File No. 0800575

NOTICE OF HEARING

TO RESPONDENTS:

Lucher Holloway
1300 N. Cleveland
Chicago, IL 60610

Lucher Holloway
7111 S. Shore Drive - Apt. 2B
Chicago, IL 60649-2715

It's Clean USA Limited
C/O Lucher Holloway
230 W. Monroe - Suite 300/E
Chicago, IL 60606

It'sCleanUSA Limited
C/O Lucher Holloway
230 W. Monroe - Suite 300/E
Chicago, IL 60606

It's Clean U.S.A., LLC
C/O Lucher Holloway
230 W. Monroe - Suite 300/E
Chicago, IL 60606

It's Clean U.S.A., LLC
C/O Lucher Holloway
101 W. Grand Avenue - Suite 318
Chicago, IL 60610

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It's Clean U.S.A., LLC
C/O Lucher Holloway
18101 W. Grand Avenue
Chicago, IL 60654

**TO THE HEARING
OFFICER:**

James Kopecky
203 N. LaSalle Street - Ste. 1620
Chicago, IL 60601

You are hereby notified that a public hearing will be held at the office of the Illinois Securities Department, 69 W. Washington Street – Suite 1220, in Chicago, Illinois 60602, on March 15, 2011, at 10:00 a.m., or as soon thereafter as possible before Illinois Secretary of State Hearing Officer James Kopecky, or such other hearing officer who shall be presiding at that time. This Notice of Hearing is made in accordance with sections 11.E and F of the Illinois Securities Law of 1953 [815 ILCS 5/11.E and F] (“Act”) and Subpart K of the Rules and Regulations under the Illinois Securities Law of 1953 [814 Ill. Adm. Code 130, Subpart K].

The hearing will be held to determine whether an order should be entered that would permanently prohibit Respondents from selling securities or offering securities for sale in the state of Illinois; impose fines of up to \$10,000.00 for each of the violations alleged below; charge Respondents for costs of investigations for all reasonable expense, including attorney’s fees and witness fees [815 ILCS 5/11.E(2) and (e), 5/8.E(1) and (2); 5/11.E(4); 5/2.1, 5/2.5, and 5a; and 5/12.F, G, and I]; and grant such other relief as may be authorized under the Act.

NATURE OF CASE

In 2007 and 2008, Respondent Lucher Holloway and a company he controlled used two profit-sharing agreements to defraud a long-time friend of Holloway out of \$75,000.

Holloway was president and a managing member of the company, known as It’s Clean U.S.A, LLC. In February of 2007, Holloway persuaded the investor to enter into a profit-sharing agreement. Holloway and the investor agreed the funds would be used for urgent company operating expenses: office rent, utilities, and inventory purchases, to tide It’s Clean over until it completed contract negotiations with prominent potential business and governmental customers.

Despite the representations that the proceeds of the investments were to pay office rent, utilities and inventory, Respondent Holloway wrote thousands of dollars of checks to pay for his own personal expenses, expenses that had nothing to do with the operating expenses of It’s Clean.

Furthermore, Holloway bragged to the investor that he was so confident about It’s Clean’s impending profitability that Holloway had sold his personal automobile and invested the

proceeds in the company. In fact, unknown to the investor, Holloway had never sold the vehicle, as it had been repossessed by Holloway's creditors.

FACTS

1. Respondent Lucher Holloway ("Holloway" or, collectively with It's Clean U.S.A., LLC, "Respondents") is a natural person. Holloway also is known as Lucher C. Holloway and Lucher Holloway Jr.
2. The last known address Respondent Holloway reported to the Illinois Secretary of State is 1300 N. Cleveland in Chicago, Illinois 60610.
3. On information and belief, Holloway currently lives at this address.
4. Respondent It's Clean U.S.A., LLC ("It's Clean," or "company," or, collectively with Lucher Holloway, "Respondents"), is an Illinois business entity organized as a limited liability company. The company was organized on July 10, 2006. Its place of business is at 230 W. Monroe - Suite 300/E, in Chicago, Illinois 60606.
5. Respondent Holloway is the registered agent for Respondent It's Clean U.S.A., LLC. Holloway has been the company's registered agent since December 26, 2007. Holloway's address for service of process for the company is at the company's office, located 101 W. Grand Avenue - Suite 318, in Chicago, Illinois 60610.
6. From some time before May 14, 2009, and continuing through at least as late as December 29, 2010, Respondents Holloway and It's Clean U.S.A., LLC, also have been holding the company out to the public under the names "It'sCleanUSA Limited" and "It's Clean USA."
7. Under Illinois law, only entities organized under the laws of the State of Illinois as corporations are permitted to use the term "Limited" in their name. Respondent It'sCleanUSA Limited has never been organized as a corporation under the laws of the State of Illinois.
8. From at least as early as July 10, 2006, and continuing through the present, Investor #1 was a resident of Illinois.
9. Investor #1 and Respondent Holloway were childhood friends; as of 2006, they had been friends for more than thirty years.
10. Beginning at least as early as July 10, 2006, and continuing through 2008 ("this period"), Respondent Holloway began telephoning, e-mailing, and electronic text-messaging Investor #1 in Chicago, Illinois, describing how Holloway was developing Respondent

It's Clean as a business, and describing the company's growth and investment potential and needs.

11. For the first several months of this period, Respondent Holloway contacted Investor #1 nearly every day regarding Respondent It's Clean. The volume of contacts during the rest of this period ranged from an average of once a week to every two or three days.
12. During this period, Investor #1 informed Respondent Holloway on multiple occasions that the investor was unfamiliar with how new businesses started up and operated; had never before invested in any business or other investment; and had no savings or other assets to invest in Respondent It's Clean. Each time, Holloway responded that he knew the investor was new to investing; that Holloway was experienced in running businesses; and that It's Clean was going to be profitable very soon because of impending contracts with business and governmental customers.
13. Respondents solicited Investor #1 to invest in Respondent It's Clean. Holloway said the company was about to become very profitable because it was close to finalizing lucrative contracts with large business and governmental potential customers. Holloway said the company needed a cash infusion for immediate operating expenses: office rent, utilities, and purchases of the cleaning product the company was marketing for resale to customers.
14. Based on these communications, Respondent Holloway offered and sold to Investor #1 a profit-sharing agreement on February 1, 2007, in Chicago, Illinois. Under the agreement:
 - (a) Investor #1 was to obtain a \$50,000 bank line of credit, relying on the investor's personal credit record, from a bank selected by Respondent Holloway.
 - (b) The Respondents were to use the funds for the company's office rent, utilities, inventory, and any other urgent operating expenses.
 - (c) The Respondents would be responsible for paying the monthly interest payments due the bank that issued the line of credit.
 - (d) After signing pending contracts, Respondents would pay any outstanding balance due on the line of credit.
 - (e) In exchange for Investor #1 allowing the Respondents to use the funds obtained using the investor's credit, Respondent Holloway pledged to pay Investor #1 a percentage of the profits Holloway derived from the company's operations.
15. On February 1, 2007, in Chicago, Illinois, Investor #1 obtained a \$50,000 line of credit from a bank selected by Respondent Holloway. On the same day, Holloway directed Investor #1 to withdraw a total of \$49,000 from the credit line. He directed the investor to wire \$29,000 to one bank account number he gave the investor; and \$20,000 to another bank account number he gave the investor.

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16. On June 1, 2007, in Chicago, Illinois, Respondent Holloway offered and sold to Investor #1 a second profit-sharing agreement. This time, the Investor obtained a \$25,000 line of credit. The other terms of this agreement were the same as the first.
17. Respondent Holloway withdrew the entire \$25,000 from the second line of credit.
18. When Respondents Holloway and It's Clean offered and sold Investor #1 the two profit-sharing agreements described above, Holloway represented to the investor that he was experienced in operating businesses. Holloway also represented that he was so confident about It's Clean's imminent profitability, that he had sold his own automobile and invested the proceeds in the company.
19. The Respondents failed to disclose to Investor #1 that: (a) Respondent Holloway had a business history that included a civil court judgment against him; (b) the judgment also was entered against another company he had owned and operated; (c) at the same time they were offering and selling Investor #1 investments in It's Clean, a creditor was pursuing Holloway for failing to make payments for Holloway's automobile, and the creditor ultimately secured a court order to repossess the vehicle; and (d) Holloway did *not* sell his automobile, and he did not invest the proceeds of any sale of the automobile in the company. These failures to disclose were:
 - (a) Transactions, practices, or courses of business by the Respondents that worked or tended to work a fraud or deceit on Investor #1.
 - (b) Omissions by the Respondents to state material facts necessary to avoid misleading Investor #1 about the risks of investing with the Respondents.
20. When Respondents Holloway and It's Clean offered and sold to Investor #1 the two profit-sharing agreements, Holloway said the company would use the \$75,000 from Investor #1's lines of credit to pay the company's immediate-need operating expenses, until the company began to receive funds from potential customers with whom Holloway was negotiating. As examples of the expenses the funds would be used to pay, Holloway cited office rent, utilities, and inventory.
21. When Respondent Holloway made these representations, the Respondents never told Investor #1 that:
 - (a) The Respondents knew they had no reasonable basis for representing they would be financially capable of making the monthly payments for the investor's two lines of credit.
 - (b) Holloway immediately would begin to use the funds to pay himself thousands of dollars.
 - (c) Holloway would use the funds to repay the loan on his personal automobile.

- (d) Holloway would use the funds to repay himself for loans he purportedly had made to the company.
22. These expenditures and the Respondents' failures to disclose them to Investor #1 were:
- (a) Transactions, practices, or courses of business by the Respondents that worked or tended to work a fraud or deceit on Investor #1.
 - (b) Omissions by the Respondents to state material facts necessary to avoid misleading Investor #1 about how the loan funds would be used.

**The Respondents Failed to Disclose Material Facts
about Holloway's Business and Personal Financial Background**

23. When the Respondents offered and sold to Investor #1 the two profit-sharing agreements, Respondent Holloway told the investor about the company's products; how he was running the company; its potential profits for investors; and his plans for making the company profitable.
24. The Respondents failed, however, to disclose to Investor #1 that:
- (a) A civil court judgment had been entered against Respondent Holloway on February 6, 2001, for failing to pay a contractually agreed-upon debt.
 - (b) The 2001 civil court judgment also was entered against a coin-operated laundry business Holloway had owned and operated.
 - (c) At the same time Holloway was soliciting and obtaining funds from Investor #1, he was failing to pay a \$50,000 personal debt for an automobile in accordance with the terms of the purchase, and a court order was entered to repossess the automobile.
 - (d) Holloway misrepresented to Investor #1 that he had sold his automobile and invested the proceeds in Respondent It's Clean.
25. On February 6, 2001, a civil judgment was entered against Holloway and the laundry business he owned and operated, in *LeaseComm Corp v Holloway and Britney Futures Group* (Circuit Court, Cook County, Illinois: Municipal Div., First Municipal Dist. Case No. 99 M1 109051). Holloway was served with notice of this lawsuit on January 4, 2001. The judgment was based on a breach of contract complaint by a creditor.
26. Beginning on July 13, 2007, while Respondent Holloway was describing Respondent It's Clean prospects to Investor #1 and pursuing the investor to invest in the company, another creditor was pursuing Holloway for failing to make loan payments for

Holloway's automobile that his creditor valued at more than \$50,000. *DaimlerChrysler Financial Services Americas, LLC, v. Holloway* (Circuit Court, Cook County, Illinois: Municipal Dept., First Dist Case No. 07 M1 600985; filed July 13, 2007). Ultimately, on June 2, 2008, the creditor secured a court order authorizing it to repossess the vehicle.

27. The two profit-sharing agreements the Respondents offered and sold to Investor #1 were securities, as the term "security" is defined in Section 2.1 of the Illinois Securities Law of 1953, as amended ("Act").
28. Each of the Respondents' offers and sales of the profit-sharing agreements were offers and sales of securities, as the terms "offer" and "sale" are defined in sections 2.5 and 2.5a of the Act.

The Respondents Failed to Disclose the Material Facts That Holloway Used the Funds for Himself and to Pay His Personal Debts

29. The bank account to which Respondent Holloway directed Investor #1 to wire \$20,000 from the investor's \$50,000 line of credit in February 2007 was the checking account of another business enterprise Holloway owned. That enterprise—LCH Trading Corporation—had no business or any other relationship with the operating expenses of It's Clean.
30. Respondent Holloway used the funds received from Investor #1 that were wired to LCH Trading Corporation to make two payments totaling \$4,924.12 on a personal loan he owed on his personal automobile. The automobile loan payments were not immediate-need operating expenses for Respondent It's Clean Holloway had promised.
31. Respondent Holloway also used thousands of the investment funds that were wired to LCH Trading Corporation's checking account to write checks paid to him. None of these payments were immediate-need operating expenses for Respondent It's Clean that Holloway had promised the investor.
32. The bank account to which Respondent Holloway directed Investor #1 to wire \$29,000 from the investor's \$50,000 line of credit in February 2007 was the checking account in the name of Respondent It's Clean.
33. Respondent Holloway used the funds that were wired to Respondent It's Clean's checking account to pay thousands of dollars to himself. None of these payments were immediate-need operating expenses for Respondent It's Clean Holloway had promised the investor.

34. Neither of the Respondents informed Investor #1 that thousands of dollars of the funds from the investor's two lines of credit were sent to another Holloway business that had no business relationship with It's Clean. Neither of the Respondents informed Investor #1 that thousands of dollars of the borrowed funds were paid directly to Holloway.

Violations

35. Section 12.G of the Act provides that it is a violation of the Act to obtain money through the sale of securities by means of any untrue statement or 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.
36. Respondents Holloway and It's Clean violated Section 12.G of the Act in that they offered and sold to Investor #1 two profit-sharing agreements by making untrue statements or omitting facts regarding:
- a. the extent of Holloway's business knowledge and experience;
 - b. the use of the funds solicited from Investor #1 by Respondents;
 - c. the manner in which Holloway ran and operated It's Clean;
 - d. It's Clean's potential to make timely interest payments on the outstanding loans taken by Investor #1;
 - e. the fact that a civil judgment had been entered against Respondent Holloway for failure to pay a business debt;
 - f. the fact that a civil court judgment had been entered against another company owned by Holloway;
 - g. the fact that Holloway was in default on a large personal debt and subject to a repossession order for that debt; and
 - h. Holloway purportedly selling his automobile to invest funds in It's Clean;
37. Each untrue statement or omission is a separate violation of 12.G of the Act for each of the two sales.
38. Section 12.F of the Act provides it is a violation of the Act 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 securities purchaser or seller.
39. Respondents Holloway and It's Clean violated Section 12.F of the Act when they offered and sold two securities to Investor #1 without disclosing:
- a. the extent of Holloway's business knowledge and experience;
 - b. the use of the funds solicited by Investor #1 by Respondents;
 - c. the manner in which Holloway ran and operated It's Clean;

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- d. It's Clean's potential to make timely interest payments on the outstanding loans taken by Investor #1;
 - e. the fact that a civil judgment had been entered against Respondent Holloway for failure to pay a business debt;
 - f. the fact that a civil court judgment had been entered against another company owned by Holloway;
 - g. the fact that Holloway was in default on a large personal debt and subject to a repossession order for that debt; and
 - h. that Holloway did not sell his automobile to invest funds in It's Clean.
40. Each failure to disclose is a separate violation of 12.F of the Act for each of the two sales.

NOTICE TO RESPONDENTS: You are required to file an answer, special appearance, or other pleading responsive to the allegations outlined above in writing within thirty days of service of this Notice of Hearing addressed to:

Bernadette Cole
Enforcement Attorney
Illinois Securities Department
Office of Secretary of State
69 W. Washington St. -- Suite 1220
Chicago, Illinois 60602

Telephone: 312.793.9642

Your failure to file a responsive pleading within thirty days of service of this Notice on you shall be construed as an admission of the allegations in this Notice, and waives your right to this hearing.

You may appear personally on your own behalf, or be represented by an attorney. You or your attorney may present evidence, cross-examine witnesses, and otherwise participate in this proceeding. Your failure to appear at this hearing constitutes a default, unless you or your attorney, upon due notice, has moved for and obtained a continuance.

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

Entered: This 4th day of January, 2011.

A handwritten signature in black ink, appearing to read "Jesse White", is written over a horizontal line. To the right of the signature, there is a small handwritten mark that looks like "91".

JESSE WHITE
Secretary of State
State of Illinois

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