

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF:)
Jay R. Weiser (CRD #1511042)) Case No. 1800222
d/b/a Weiser Financial Services)
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)

NOTICE OF HEARING

TO THE RESPONDENT: Jay R. Weiser (CRD #1511042)
d/b/a Weiser Financial Services
c/o Nancy L. Hendrickson
Kaufman Dolowich Voluck, LLP
135 South LaSalle Street, Suite 2100
Chicago, Illinois 60603

You are hereby notified that pursuant to Section 11.F 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 West Washington Street, Suite 1220, Chicago, Illinois 60602, on **January 9th, 2019, at 11:00a.m.**, or as soon as possible thereafter, before Hearing Officer George Berbas, or such other duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether an Order shall be entered to permanently prohibit Jay R. Weiser d/b/a Weiser Financial Services from selling securities in or from the State of Illinois and/or grant 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 Section 11.E(4) of the Act.

The grounds for such proposed action are as follows:

BACKGROUND

1. Respondent Jay R. Weiser ("Respondent") (CRD #1511042) is an individual doing business as Weiser Financial Services with a last known business address of 800 16th Street, Mendota, Illinois 61342.
2. From June 2000 to June 2018, Respondent was a State of Illinois registered Salesperson with DesPain Financial Corporation (CRD #17360), a State of Illinois registered Broker-Dealer.

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3. From August 2000 to June 2018, Respondent was a State of Illinois registered Investment Advisor Representative with DesPain Investment Solutions, LTD (CRD #122581), a State of Illinois registered Investment Advisor Firm.
4. At all relevant times herein, Respondent disclosed Weiser Financial Services, an insurance sales related business, as an outside business activity on the Central Registration Depository ("CRD").
5. From 2014 to at least 2016, Respondent acted as an agent of Future Income Payments, LLC ("FIP").
6. From 2015 to at least 2017, Respondent acted as an agent of Woodbridge Group of Companies, LLC¹ ("Woodbridge").

COUNT I
FRAUD IN THE OFFER AND SALE OF SECURITIES

Future Income Payments, LLC

7. FIP engaged in a practice whereby it purportedly bought and/or was assigned the rights to individual's pension streams, and subsequently sold the bundled rights to individual investors as a "Structured Cash Flow" investment.
8. From 2014 to at least 2016, Respondent, on behalf of FIP, recommended and sold the FIP product to at least 6 Illinois investors, totaling at least \$611,383.88. The investments guaranteed purported 8% annual returns for a period of 5 years.
9. Respondent represented to investors through FIP in the closing document, Paragraph 5.1 titled "Entitlement to Purchased Asset", that "FIP has purchased and has the right to sell the Purchased Asset to Purchaser," when in fact FIP did not have the rights or legal standing to purchase, be assigned, or sell the pension streams or governmental and military pension benefits.
10. Respondent failed to conduct a reasonable investigation of FIP, its affiliates, and its management by:
 - a. Inquiring about FIP's legal standing and ability to conduct business in the State of Illinois, including verifying any required licensures or registrations to operate;
 - b. Independently verifying FIP's stated financials and examining historical financial statements of the issuers and their affiliates;
 - c. Inquiring about FIP's business and the extent to which any cash needs or other expectations for the affiliates might affect FIP's business prospects;

¹ Woodbridge Group of Companies, LLC is the parent company of over 275 Limited Liability Companies used in connection with the business venture Respondent participated.

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- d. Inquiring about the industry in which FIP conducts its business, the prospects for that industry, and any existing or potential regulatory restrictions on that business;
 - e. Examining FIP's governing and closing documents, noting any restrictions on its activities;
 - f. Inquiring about FIP's past securities offerings and the degree of their success while keeping in mind that simply because a certain product or sponsor historically met obligations to investors, there are no guarantees that it will continue to do so, particularly if the issuers have been dependent on continuously raising new capital;
 - g. Inquiring about the forms and amount of management, employee, and agent compensation of FIP and its affiliates and whether such compensation was reasonable or the extent to which the forms of compensation could present serious conflicts of interest;
 - h. Inquiring about previous or pending litigation of FIP or its affiliates and previous or potential regulatory or disciplinary problems of them;
 - i. Performing background checks of the individuals dealt with at FIP or its affiliates; or by,
 - j. Consulting with any other independent source regarding FIP or its affiliates' representations and products subsequently recommended and sold.
11. Respondent omitted to disclose to investors of FIP that he did not conduct a reasonable investigation of FIP, its affiliates, and its management.
12. Respondent received compensation from FIP as a result of the above recommended and sold FIP investments.
13. The FIP products were securities in the form of evidence of indebtedness and investment contracts under Section 2.1 of the Act.
14. The activities described above constitute the offer and sale of a security as those terms are defined in Sections 2.1, 2.5, and 2.5a of the Act.
15. At all relevant times herein, FIP was not registered in the State of Illinois to offer or sell securities.
16. At all relevant times herein, FIP securities were not registered in the State of Illinois.
17. Section 12.A of the Act states that it shall be a violation of the provisions of the Act for any person "To offer or sell any security except in accordance with the provision of this Act."

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18. Section 12.F of the Act states that it shall be a violation of the provisions of the 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."
19. Section 12.G of the Act states that it shall be a violation of the provisions 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 material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading."
20. Section 12.H of the Act states that it shall be a violation of the provisions of the Act for any person "To sign or circulate any statement, prospectus, or other paper or document required by any provision of this Act or pertaining to any security knowing or having reasonable grounds to know any material representation therein contained to be false or untrue."
21. Section 12.I of the Act states that it shall be a violation of the provisions of the 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."
22. By virtue of the foregoing, Respondent violated Sections 12.A, 12.F, 12.G, 12.H, and 12.I of the Act.

COUNT II
FRAUD IN THE OFFER AND SALE OF SECURITIES

Woodbridge Group of Companies, LLC

23. Woodbridge engaged in a practice whereby it sold, through representatives, a series of promissory notes, which Woodbridge marketed as First Position Commercial Mortgages ("FPCMs"). The FPCMs were purportedly secured by valuable real estate and Woodbridge purportedly generated returns from providing short-term, high interest real estate mortgage loans.
24. From 2015 to at least 2017, Respondent, on behalf of Woodbridge, recommended and sold the Woodbridge FPCMs to at least 17 investors, totaling at least \$795,000.00. The FPCMs guaranteed purported annual returns ranging from 5% - 9% with terms ranging from 12 to 18 months.
25. Respondent failed to conduct a reasonable investigation of Woodbridge, its affiliates, and its management by:
 - a. Inquiring about Woodbridge's legal standing and ability to conduct business in the State of Illinois, including verifying any required licensures or registrations to operate;

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- b. *Independently verifying Woodbridge's stated financials and examining historical financial statements of the issuers and their affiliates;*
 - c. *Inquiring about Woodbridge's business and the extent to which any cash needs or other expectations for the affiliates might affect Woodbridge's business prospects;*
 - d. *Inquiring about the industry in which Woodbridge conducts its business, the prospects for that industry, and any existing or potential regulatory restrictions on that business;*
 - e. *Examining Woodbridge's governing and closing documents, noting any restrictions on its activities;*
 - f. *Inquiring about Woodbridge's past securities offerings and the degree of their success while keeping in mind that simply because a certain product or sponsor historically met obligations to investors, there are no guarantees that it will continue to do so, particularly if the issuers have been dependent on continuously raising new capital;*
 - g. *Inquiring about the forms and amount of management, employee, and agent compensation of Woodbridge and its affiliates and whether such compensation was reasonable or the extent to which the forms of compensation could present serious conflicts of interest;*
 - h. *Inquiring about previous or pending litigation of Woodbridge or its affiliates and previous or potential regulatory or disciplinary problems of them;*
 - i. *Performing background checks of the individuals dealt with at Woodbridge or its affiliates; or by,*
 - j. *Consulting with any other independent source regarding Woodbridge or its affiliates' representations and products subsequently recommended and sold.*
26. Respondent omitted to disclose to investors of Woodbridge that he did not conduct a reasonable investigation of Woodbridge, its affiliates, and its management.
27. Woodbridge has been subject to an ongoing Securities and Exchange Commission ("SEC") investigation, where a complaint was filed in the United States Southern District Court of Florida on December 20, 2017. *See* SEC Case No. 17-24624. In summary, the SEC alleged that Woodbridge conducted a massive nationwide *Ponzi* scheme, raising more than \$1.22 billion from over 8,400 investors through fraudulent unregistered securities offerings. Woodbridge has since filed for a Chapter 11 bankruptcy in the United States Bankruptcy Court for the District of Delaware, and the proceedings are ongoing as of the date of this Notice being issued. *See* Case No. 17-12560 (KJC).

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28. Respondent received compensation from Woodbridge as a result of the above recommended and sold Woodbridge investments.
29. The Woodbridge products were securities in the form of promissory notes under Section 2.1 of the Act.
30. The activities described above constitute the offer and sale of a security as those terms are defined in Sections 2.1, 2.5, and 2.5a of the Act.
31. At all relevant times herein, Woodbridge was not registered in the State of Illinois to offer or sell securities.
32. At all relevant times herein, Woodbridge FCPM securities were never registered in the State of Illinois.
33. Section 12.A of the Act states that it shall be a violation of the provisions of the Act for any person "To offer or sell any security except in accordance with the provision of this Act."
34. Section 12.F of the Act states that it shall be a violation of the provisions of the 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."
35. Section 12.G of the Act states that it shall be a violation of the provisions 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 material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading."
36. Section 12.H of the Act states that it shall be a violation of the provisions of the Act for any person "To sign or circulate any statement, prospectus, or other paper or document required by any provision of this Act or pertaining to any security knowing or having reasonable grounds to know any material representation therein contained to be false or untrue."
37. Section 12.I of the Act states that it shall be a violation of the provisions of the 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."
38. By virtue of the foregoing, Respondent violated Sections 12.A, 12.F, 12.G, 12.H, and 12.I of the Act.

COUNT III
FAILURE TO DISCLOSE OUTSIDE BUSINESS ACTIVITY

Future Income Payments, LLC

39. From 2014 to at least 2016, Respondent Weiser acted as an agent of FIP, recommending and selling FIP securities, and receiving compensation for such.
40. At all relevant times herein, Respondent omitted to disclose FIP as an outside business activity on the CRD. FIP did not offer any insurance related products and was an entire separate entity from the disclosed Weiser Financial Services.
41. Section 12.D of the Act states that it shall be a violation of the provisions of the 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."
42. Section 12.E of the Act states that it shall be a violation of the provisions of the Act for any person "To make, or cause to be made, in any application, report or document filed under this act or any rule or regulation made by the Secretary of State pursuant to this Act, any statement which was false or misleading with respect to any material fact."
43. By virtue of the foregoing, Respondent violated Sections 12.D and 12.E of the Act.

COUNT IV
FAILURE TO DISCLOSE OUTSIDE BUSINESS ACTIVITY

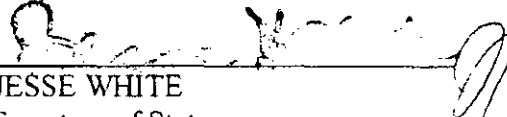
Woodbridge Group of Companies, LLC

44. From 2015 to at least 2017, Respondent Weiser acted as an agent of Woodbridge, recommending and selling Woodbridge securities, and receiving compensation for such.
45. At all relevant times herein, Respondent omitted to disclose Woodbridge as an outside business activity on the CRD. Woodbridge did not offer any insurance related products and was an entire separate entity from the disclosed Weiser Financial Services.
46. Section 12.D of the Act states that it shall be a violation of the provisions of the 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."
47. Section 12.E of the Act states that it shall be a violation of the provisions of the Act for any person "To make, or cause to be made, in any application, report or document filed under this act or any rule or regulation made by the Secretary of State pursuant to this Act, any statement which was false or misleading with respect to any material fact."
48. By virtue of the foregoing, Respondent violated Sections 12.D and 12.E of the Act.

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

Date of Mailing: This 5th Day of November 2018.


JESSE WHITE
Secretary of State
State of Illinois

You are further notified that you are required pursuant to Section 1104 of the Rules to file an answer to the allegations outlined above, or other responsive pleading within thirty (30) days of receipt of this notice. Your failure to do this within the prescribed time shall be deemed 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 by you.

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.

Attorney for the Secretary of State:
Peter S. Coorlas, Jr.
Office of the Secretary of State
Illinois Securities Department
69 W. Washington Street, Suite 1220
Chicago, Illinois 60602
(312) 793-3324
pcoorlas@ilsos.net

Hearing Officer:
George Berbas
berbas@juno.com