

1 AN ACT concerning business transactions.

2 Be it enacted by the People of the State of Illinois,  
3 represented in the General Assembly:

4 Section 5. The Illinois Securities Law of 1953 is  
5 amended by changing Sections 2.1, 8, 11, and 14 as follows:

6 (815 ILCS 5/2.1) (from Ch. 121 1/2, par. 137.2-1)

7 Sec. 2.1. Security. "Security" means any note, stock,  
8 treasury stock, bond, debenture, evidence of indebtedness,  
9 certificate of interest or participation in any  
10 profit-sharing agreement, collateral-trust certificate,  
11 preorganization certificate or subscription, transferable  
12 share, investment contract, investment fund share,  
13 face-amount certificate, voting-trust certificate,  
14 certificate of deposit, certificate of deposit for a  
15 security, fractional undivided interest in oil, gas or other  
16 mineral lease, right or royalty, any put, call, straddle,  
17 option, or privilege on any security, certificate of deposit,  
18 or group or index of securities (including any interest  
19 therein or based on the value thereof), or any put, call,  
20 straddle, option, or privilege entered into, ~~en--a--national~~  
21 ~~securities--exchange~~ relating to foreign currency, or, in  
22 general, any interest or instrument commonly known as a  
23 "security", or any certificate of interest or participation  
24 in, temporary or interim certificate for, receipt for,  
25 guarantee of, or warrant or right to subscribe to or  
26 purchase, any of the foregoing. "Security" does not mean a  
27 mineral investment contract or a mineral deferred delivery  
28 contract; provided, however, the Department shall have the  
29 authority to regulate these contracts as hereinafter  
30 provided.

31 (Source: P.A. 87-463.)

1 (815 ILCS 5/8) (from Ch. 121 1/2, par. 137.8)

2 Sec. 8. Registration of dealers, limited Canadian  
3 dealers, salespersons, investment advisers, and investment  
4 adviser representatives.

5 A. Except as otherwise provided in this subsection A,  
6 every dealer, limited Canadian dealer, salesperson,  
7 investment adviser, and investment adviser representative  
8 shall be registered as such with the Secretary of State. No  
9 dealer or salesperson need be registered as such when  
10 offering or selling securities in transactions believed-in  
11 good-faith-to-be exempted by subsection A, B, C, D, E, G, H,  
12 I, J, K, M, O, P, Q, R or S of Section 4 of this Act,  
13 provided that such dealer or salesperson is not regularly  
14 engaged in the business of offering or selling securities in  
15 reliance upon the exemption set forth in subsection G or M of  
16 Section 4 of this Act. No dealer, issuer or controlling  
17 person shall employ a salesperson unless such salesperson is  
18 registered as such with the Secretary of State or is employed  
19 for the purpose of offering or selling securities solely in  
20 transactions believed--in--good--faith--to--be exempted by  
21 subsection A, B, C, D, E, G, H, I, J, K, L, M, O, P, Q, R or  
22 S of Section 4 of this Act; provided that such salesperson  
23 need not be registered when effecting transactions in this  
24 State limited to those transactions described in Section  
25 15(h)(2) of the Federal 1934 Act or engaging in the offer or  
26 sale of securities in respect of which he or she has  
27 beneficial ownership and is a controlling person. The  
28 Secretary of State may, by rule, regulation or order and  
29 subject to such terms, conditions, and as fees as may be  
30 prescribed in such rule, regulation or order, exempt from the  
31 registration requirements of this Section 8 any investment  
32 adviser, if the Secretary of State shall find that such  
33 registration is not necessary in the public interest by  
34 reason of the small number of clients or otherwise limited

1 character of operation of such investment adviser.

2 B. An application for registration as a dealer or  
3 limited Canadian dealer, executed, verified, or authenticated  
4 by or on behalf of the applicant, shall be filed with the  
5 Secretary of State, in such form as the Secretary of State  
6 may by rule, regulation or order prescribe, setting forth or  
7 accompanied by:

8 (1) The name and address of the applicant, the  
9 location of its principal business office and all branch  
10 offices, if any, and the date of its organization;

11 (2) A statement of any other Federal or state  
12 licenses or registrations which have been granted the  
13 applicant and whether any such licenses or registrations  
14 have ever been refused, cancelled, suspended, revoked or  
15 withdrawn;

16 (3) The assets and all liabilities, including  
17 contingent liabilities of the applicant, as of a date not  
18 more than 60 days prior to the filing of the application;

19 (4) (a) A brief description of any civil or  
20 criminal proceeding of which fraud is an essential  
21 element pending against the applicant and whether the  
22 applicant has ever been convicted of a felony, or of any  
23 misdemeanor of which fraud is an essential element;

24 (b) A list setting forth the name, residence and  
25 business address and a 10 year occupational statement of  
26 each principal of the applicant and a statement  
27 describing briefly any civil or criminal proceedings of  
28 which fraud is an essential element pending against any  
29 such principal and the facts concerning any conviction of  
30 any such principal of a felony, or of any misdemeanor of  
31 which fraud is an essential element;

32 (5) If the applicant is a corporation: a list of  
33 its officers and directors setting forth the residence  
34 and business address of each; a 10-year occupational

1 statement of each such officer or director; and a  
2 statement describing briefly any civil or criminal  
3 proceedings of which fraud is an essential element  
4 pending against each such officer or director and the  
5 facts concerning any conviction of any officer or  
6 director of a felony, or of any misdemeanor of which  
7 fraud is an essential element;

8 (6) If the applicant is a sole proprietorship, a  
9 partnership, limited liability company, an unincorporated  
10 association or any similar form of business organization:  
11 the name, residence and business address of the  
12 proprietor or of each partner, member, officer, director,  
13 trustee or manager; the limitations, if any, of the  
14 liability of each such individual; a 10-year occupational  
15 statement of each such individual; a statement describing  
16 briefly any civil or criminal proceedings of which fraud  
17 is an essential element pending against each such  
18 individual and the facts concerning any conviction of any  
19 such individual of a felony, or of any misdemeanor of  
20 which fraud is an essential element;

21 (7) Such additional information as the Secretary of  
22 State may by rule or regulation prescribe as necessary to  
23 determine the applicant's financial responsibility,  
24 business repute and qualification to act as a dealer.

25 (8) (a) No applicant shall be registered or  
26 re-registered as a dealer or limited Canadian dealer  
27 under this Section unless and until each principal of the  
28 dealer has passed an examination conducted by the  
29 Secretary of State or a self-regulatory organization of  
30 securities dealers or similar person, which examination  
31 has been designated by the Secretary of State by rule,  
32 regulation or order to be satisfactory for purposes of  
33 determining whether the applicant has sufficient  
34 knowledge of the securities business and laws relating

1 thereto to act as a registered dealer. Any dealer who was  
2 registered on September 30, 1963, and has continued to be  
3 so registered; and any principal of any registered  
4 dealer, who was acting in such capacity on and  
5 continuously since September 30, 1963; and any individual  
6 who has previously passed a securities dealer examination  
7 administered by the Secretary of State or any examination  
8 designated by the Secretary of State to be satisfactory  
9 for purposes of determining whether the applicant has  
10 sufficient knowledge of the securities business and laws  
11 relating thereto to act as a registered dealer by rule,  
12 regulation or order, shall not be required to pass an  
13 examination in order to continue to act in such capacity.  
14 The Secretary of State may by order waive the examination  
15 requirement for any principal of an applicant for  
16 registration under this subsection B who has had such  
17 experience or education relating to the securities  
18 business as may be determined by the Secretary of State  
19 to be the equivalent of such examination. Any request  
20 for such a waiver shall be filed with the Secretary of  
21 State in such form as may be prescribed by rule or  
22 regulation.

23 (b) Unless an applicant is a member of the body  
24 corporate known as the Securities Investor Protection  
25 Corporation established pursuant to the Act of Congress  
26 of the United States known as the Securities Investor  
27 Protection Act of 1970, as amended, a member of an  
28 association of dealers registered as a national  
29 securities association pursuant to Section 15A of the  
30 Federal 1934 Act, or a member of a self-regulatory  
31 organization or stock exchange in Canada which the  
32 Secretary of State has designated by rule or order, an  
33 applicant shall not be registered or re-registered unless  
34 and until there is filed with the Secretary of State

1 evidence that such applicant has in effect insurance or  
2 other equivalent protection for each client's cash or  
3 securities held by such applicant, and an undertaking  
4 that such applicant will continually maintain such  
5 insurance or other protection during the period of  
6 registration or re-registration. Such insurance or other  
7 protection shall be in a form and amount reasonably  
8 prescribed by the Secretary of State by rule or  
9 regulation.

10 (9) The application for the registration of a  
11 dealer or limited Canadian dealer shall be accompanied  
12 by a filing fee and a fee for each branch office in this  
13 State, in each case in the amount established pursuant to  
14 Section 11a of this Act, which fees shall not be  
15 returnable in any event.

16 (10) The Secretary of State shall notify the dealer  
17 or limited Canadian dealer by written notice (which may  
18 be by electronic or facsimile transmission) of the  
19 effectiveness of the registration as a dealer in this  
20 State.

21 (11) Any change which renders no longer accurate  
22 any information contained in any application for  
23 registration or re-registration of a dealer or limited  
24 Canadian dealer shall be reported to the Secretary of  
25 State within 10 business days after the occurrence of  
26 such change; but in respect to assets and liabilities  
27 only materially adverse changes need be reported.

28 C. Any registered dealer, limited Canadian dealer,  
29 issuer, or controlling person desiring to register a  
30 salesperson shall file an application with the Secretary of  
31 State, in such form as the Secretary of State may by rule or  
32 regulation prescribe, which the salesperson is required by  
33 this Section to provide to the dealer, issuer, or controlling  
34 person, executed, verified, or authenticated by the

1 salesperson setting forth or accompanied by:

2 (1) the name, residence and business address of the  
3 salesperson;

4 (2) whether any federal or State license or  
5 registration as dealer, limited Canadian dealer, or  
6 salesperson has ever been refused the salesperson or  
7 cancelled, suspended, revoked, ~~or~~ withdrawn, barred,  
8 limited, or otherwise adversely affected in a similar  
9 manner or whether the salesperson has ever been censured  
10 or expelled;

11 (3) the nature of employment with, and names and  
12 addresses of, employers of the salesperson for the 10  
13 years immediately preceding the date of application;

14 (4) a brief description of any civil or criminal  
15 proceedings of which fraud is an essential element  
16 pending against the salesperson, and whether the  
17 salesperson has ever been convicted of a felony, or of  
18 any misdemeanor of which fraud is an essential element;

19 (5) such additional information as the Secretary of  
20 State may by rule, regulation or order prescribe as  
21 necessary to determine the salesperson's business repute  
22 and qualification to act as a salesperson; and

23 (6) no individual shall be registered or  
24 re-registered as a salesperson under this Section unless  
25 and until such individual has passed an examination  
26 conducted by the Secretary of State or a self-regulatory  
27 organization of securities dealers or similar person,  
28 which examination has been designated by the Secretary of  
29 State by rule, regulation or order to be satisfactory for  
30 purposes of determining whether the applicant has  
31 sufficient knowledge of the securities business and laws  
32 relating thereto to act as a registered salesperson.

33 Any salesperson who was registered prior to  
34 September 30, 1963, and has continued to be so

1 registered, and any individual who has passed a  
2 securities salesperson examination administered by the  
3 Secretary of State or an examination designated by the  
4 Secretary of State by rule, regulation or order to be  
5 satisfactory for purposes of determining whether the  
6 applicant has sufficient knowledge of the securities  
7 business and laws relating thereto to act as a registered  
8 salesperson, shall not be required to pass an examination  
9 in order to continue to act as a salesperson. The  
10 Secretary of State may by order waive the examination  
11 requirement for any applicant for registration under this  
12 subsection C who has had such experience or education  
13 relating to the securities business as may be determined  
14 by the Secretary of State to be the equivalent of such  
15 examination. Any request for such a waiver shall be  
16 filed with the Secretary of State in such form as may be  
17 prescribed by rule, regulation or order.

18 (7) The application for registration of a  
19 salesperson shall be accompanied by a filing fee and a  
20 Securities Audit and Enforcement Fund fee, each in the  
21 amount established pursuant to Section 11a of this Act,  
22 which shall not be returnable in any event.

23 (8) Any change which renders no longer accurate any  
24 information contained in any application for registration  
25 or re-registration as a salesperson shall be reported to  
26 the Secretary of State within 10 business days after the  
27 occurrence of such change. If the activities are  
28 terminated which rendered an individual a salesperson for  
29 the dealer, issuer or controlling person, the dealer,  
30 issuer or controlling person, as the case may be, shall  
31 notify the Secretary of State, in writing, within 30 days  
32 of the salesperson's cessation of activities, using the  
33 appropriate termination notice form.

34 (9) A registered salesperson may transfer his or



1 her registration under this Section 8 for the unexpired  
2 term thereof from one registered dealer or limited  
3 Canadian dealer to another by the giving of notice of the  
4 transfer by the new registered dealer or limited Canadian  
5 dealer to the Secretary of State in such form and subject  
6 to such conditions as the Secretary of State shall by  
7 rule or regulation prescribe. The new registered dealer  
8 or limited Canadian dealer shall promptly file an  
9 application for registration of such salesperson as  
10 provided in this subsection C, accompanied by the filing  
11 fee prescribed by paragraph (7) of this subsection C.

12 C-5. Except with respect to federal covered investment  
13 advisers whose only clients are investment companies as  
14 defined in the Federal 1940 Act, other investment advisers,  
15 federal covered investment advisers, or any similar person  
16 which the Secretary of State may prescribe by rule or order,  
17 a federal covered investment adviser shall file with the  
18 Secretary of State, prior to acting as a federal covered  
19 investment adviser in this State, such documents as have been  
20 filed with the Securities and Exchange Commission as the  
21 Secretary of State by rule or order may prescribe. The  
22 notification of a federal covered investment adviser shall be  
23 accompanied by a notification filing fee established pursuant  
24 to Section 11a of this Act, which shall not be returnable in  
25 any event. Every person acting as a federal covered  
26 investment adviser in this State shall file a notification  
27 filing and pay an annual notification filing fee established  
28 pursuant to Section 11a of this Act, which is not returnable  
29 in any event. The failure to file any such notification  
30 shall constitute a violation of subsection D of Section 12 of  
31 this Act, subject to the penalties enumerated in Section 14  
32 of this Act. Until October 10, 1999 or other date as may be  
33 legally permissible, a federal covered investment adviser who  
34 fails to file the notification or refuses to pay the fees as

1 required by this subsection shall register as an investment  
2 adviser with the Secretary of State under Section 8 of this  
3 Act. The civil remedies provided for in subsection A of  
4 Section 13 of this Act and the civil remedies of rescission  
5 and appointment of receiver, conservator, ancillary receiver,  
6 or ancillary conservator provided for in subsection F of  
7 Section 13 of this Act shall not be available against any  
8 person by reason of the failure to file any such notification  
9 or to pay the notification fee or on account of the contents  
10 of any such notification.

11 D. An application for registration as an investment  
12 adviser, executed, verified, or authenticated by or on behalf  
13 of the applicant, shall be filed with the Secretary of State,  
14 in such form as the Secretary of State may by rule or  
15 regulation prescribe, setting forth or accompanied by:

16 (1) The name and form of organization under which  
17 the investment adviser engages or intends to engage in  
18 business; the state or country and date of its  
19 organization; the location of the adviser's principal  
20 business office and branch offices, if any; the names and  
21 addresses of the adviser's principal, partners, officers,  
22 directors, and persons performing similar functions or,  
23 if the investment adviser is an individual, of the  
24 individual; and the number of the adviser's employees who  
25 perform investment advisory functions;

26 (2) The education, the business affiliations for  
27 the past 10 years, and the present business affiliations  
28 of the investment adviser and of the adviser's principal,  
29 partners, officers, directors, and persons performing  
30 similar functions and of any person controlling the  
31 investment adviser;

32 (3) The nature of the business of the investment  
33 adviser, including the manner of giving advice and  
34 rendering analyses or reports;

1           (4) The nature and scope of the authority of the  
2 investment adviser with respect to clients' funds and  
3 accounts;

4           (5) The basis or bases upon which the investment  
5 adviser is compensated;

6           (6) Whether the investment adviser or any  
7 principal, partner, officer, director, person performing  
8 similar functions or person controlling the investment  
9 adviser (i) within 10 years of the filing of the  
10 application has been convicted of a felony, or of any  
11 misdemeanor of which fraud is an essential element, or  
12 (ii) is permanently or temporarily enjoined by order or  
13 judgment from acting as an investment adviser,  
14 underwriter, dealer, principal or salesperson, or from  
15 engaging in or continuing any conduct or practice in  
16 connection with any such activity or in connection with  
17 the purchase or sale of any security, and in each case  
18 the facts relating to the conviction, order or judgment;

19           (7) (a) A statement as to whether the investment  
20 adviser is engaged or is to engage primarily in the  
21 business of rendering investment supervisory services;  
22 and

23           (b) A statement that the investment adviser will  
24 furnish his, her, or its clients with such information as  
25 the Secretary of State deems necessary in the form  
26 prescribed by the Secretary of State by rule or  
27 regulation;

28           (8) Such additional information as the Secretary of  
29 State may, by rule, regulation or order prescribe as  
30 necessary to determine the applicant's financial  
31 responsibility, business repute and qualification to act  
32 as an investment adviser.

33           (9) No applicant shall be registered or  
34 re-registered as an investment adviser under this Section

1 unless and until each principal of the applicant who is  
2 actively engaged in the conduct and management of the  
3 applicant's advisory business in this State has passed an  
4 examination or completed an educational program conducted  
5 by the Secretary of State or an association of investment  
6 advisers or similar person, which examination or  
7 educational program has been designated by the Secretary  
8 of State by rule, regulation or order to be satisfactory  
9 for purposes of determining whether the applicant has  
10 sufficient knowledge of the securities business and laws  
11 relating thereto to conduct the business of a registered  
12 investment adviser.

13 Any person who was a registered investment adviser  
14 prior to September 30, 1963, and has continued to be so  
15 registered, and any individual who has passed an  
16 investment adviser examination administered by the  
17 Secretary of State, or passed an examination or completed  
18 an educational program designated by the Secretary of  
19 State by rule, regulation or order to be satisfactory for  
20 purposes of determining whether the applicant has  
21 sufficient knowledge of the securities business and laws  
22 relating thereto to conduct the business of a registered  
23 investment adviser, shall not be required to pass an  
24 examination or complete an educational program in order  
25 to continue to act as an investment adviser. The  
26 Secretary of State may by order waive the examination or  
27 educational program requirement for any applicant for  
28 registration under this subsection D if the principal of  
29 the applicant who is actively engaged in the conduct and  
30 management of the applicant's advisory business in this  
31 State has had such experience or education relating to  
32 the securities business as may be determined by the  
33 Secretary of State to be the equivalent of the  
34 examination or educational program. Any request for a

1 waiver shall be filed with the Secretary of State in such  
2 form as may be prescribed by rule or regulation.

3 (10) No applicant shall be registered or  
4 re-registered as an investment adviser under this Section  
5 8 unless the application for registration or  
6 re-registration is accompanied by an application for  
7 registration or re-registration for each person acting as  
8 an investment adviser representative on behalf of the  
9 adviser and a Securities Audit and Enforcement Fund fee  
10 that shall not be returnable in any event is paid with  
11 respect to each investment adviser representative.

12 (11) The application for registration of an  
13 investment adviser shall be accompanied by a filing fee  
14 and a fee for each branch office in this State, in each  
15 case in the amount established pursuant to Section 11a of  
16 this Act, which fees shall not be returnable in any  
17 event.

18 (12) The Secretary of State shall notify the  
19 investment adviser by written notice (which may be by  
20 electronic or facsimile transmission) of the  
21 effectiveness of the registration as an investment  
22 adviser in this State.

23 (13) Any change which renders no longer accurate  
24 any information contained in any application for  
25 registration or re-registration of an investment adviser  
26 shall be reported to the Secretary of State within 10  
27 business days after the occurrence of the change. In  
28 respect to assets and liabilities of an investment  
29 adviser that retains custody of clients' cash or  
30 securities or accepts pre-payment of fees in excess of  
31 \$500 per client and 6 or more months in advance only  
32 materially adverse changes need be reported by written  
33 notice (which may be by electronic or facsimile  
34 transmission) no later than the close of business on the

1 second business day following the discovery thereof.

2 (14) Each application for registration as an  
3 investment adviser shall become effective automatically  
4 on the 45th day following the filing of the application,  
5 required documents or information, and payment of the  
6 required fee unless (i) the Secretary of State has  
7 registered the investment adviser prior to that date or  
8 (ii) an action with respect to the applicant is pending  
9 under Section 11 of this Act.

10 D-5. A registered investment adviser or federal covered  
11 investment adviser desiring to register an investment  
12 adviser representative shall file an application with the  
13 Secretary of State, in the form as the Secretary of State may  
14 by rule or order prescribe, which the investment adviser  
15 representative is required by this Section to provide to the  
16 investment adviser, executed, verified, or authenticated by  
17 the investment adviser representative and setting forth or  
18 accompanied by:

19 (1) The name, residence, and business address of  
20 the investment adviser representative;

21 (2) A statement whether any federal or state  
22 license or registration as a dealer, salesperson,  
23 investment adviser, or investment adviser representative  
24 has ever been refused, canceled, suspended, revoked or  
25 withdrawn;

26 (3) The nature of employment with, and names and  
27 addresses of, employers of the investment adviser  
28 representative for the 10 years immediately preceding the  
29 date of application;

30 (4) A brief description of any civil or criminal  
31 proceedings, of which fraud is an essential element,  
32 pending against the investment adviser representative and  
33 whether the investment adviser representative has ever  
34 been convicted of a felony or of any misdemeanor of which

1 fraud is an essential element;

2 (5) Such additional information as the Secretary of  
3 State may by rule or order prescribe as necessary to  
4 determine the investment adviser representative's  
5 business repute or qualification to act as an investment  
6 adviser representative;

7 (6) Documentation that the individual has passed an  
8 examination conducted by the Secretary of State, an  
9 organization of investment advisers, or similar person,  
10 which examination has been designated by the Secretary of  
11 State by rule or order to be satisfactory for purposes of  
12 determining whether the applicant has sufficient  
13 knowledge of the investment advisory or securities  
14 business and laws relating to that business to act as a  
15 registered investment adviser representative; and

16 (7) A Securities Audit and Enforcement Fund fee  
17 established under Section 11a of this Act, which shall  
18 not be returnable in any event.

19 The Secretary of State may by order waive the examination  
20 requirement for an applicant for registration under this  
21 subsection D-5 who has had the experience or education  
22 relating to the investment advisory or securities business as  
23 may be determined by the Secretary of State to be the  
24 equivalent of the examination. A request for a waiver shall  
25 be filed with the Secretary of State in the form as may be  
26 prescribed by rule or order.

27 A change that renders no longer accurate any information  
28 contained in any application for registration or  
29 re-registration as an investment adviser representative must  
30 be reported to the Secretary of State within 10 business days  
31 after the occurrence of the change. If the activities that  
32 rendered an individual an investment adviser representative  
33 for the investment adviser are terminated, the investment  
34 adviser shall notify the Secretary of State in writing (which

1 may be by electronic or facsimile transmission), within 30  
2 days of the investment adviser representative's termination,  
3 using the appropriate termination notice form as the  
4 Secretary of State may prescribe by rule or order.

5 A registered investment adviser representative may  
6 transfer his or her registration under this Section 8 for the  
7 unexpired term of the registration from one registered  
8 investment adviser to another by the giving of notice of the  
9 transfer by the new investment adviser to the Secretary of  
10 State in the form and subject to the conditions as the  
11 Secretary of State shall prescribe. The new registered  
12 investment adviser shall promptly file an application for  
13 registration of the investment adviser representative as  
14 provided in this subsection, accompanied by the Securities  
15 Audit and Enforcement Fund fee prescribed by paragraph (7) of  
16 this subsection D-5.

17 E. (1) Subject to the provisions of subsection F of  
18 Section 11 of this Act, the registration of a dealer, limited  
19 Canadian dealer, salesperson, investment adviser, or  
20 investment adviser representative may be denied, suspended or  
21 revoked if the Secretary of State finds that the dealer,  
22 limited Canadian dealer, salesperson, investment adviser, or  
23 investment adviser representative or any principal officer,  
24 director, partner, member, trustee, manager or any person who  
25 performs a similar function of the dealer, limited Canadian  
26 dealer, or investment adviser:

27 (a) has been convicted of any felony during the 10  
28 year period preceding the date of filing of any  
29 application for registration or at any time thereafter,  
30 or of any misdemeanor of which fraud is an essential  
31 element;

32 (b) has engaged in any unethical practice in the  
33 offer or sale of securities or in any fraudulent business  
34 practice;



1           (c) has failed to account for any money or  
2 property, or has failed to deliver any security, to any  
3 person entitled thereto when due or within a reasonable  
4 time thereafter;

5           (d) in the case of a dealer, limited Canadian  
6 dealer, or investment adviser, is insolvent;

7           (e) in the case of a dealer, limited Canadian  
8 dealer, salesperson, or registered principal of a dealer  
9 or limited Canadian dealer (i) has failed reasonably to  
10 supervise the securities activities of any of its  
11 salespersons and the failure has permitted or facilitated  
12 a violation of Section 12 of this Act or (ii) is offering  
13 or selling or has offered or sold securities in this  
14 State through a salesperson other than a registered  
15 salesperson, or, in the case of a salesperson, is selling  
16 or has sold securities in this State for a dealer,  
17 limited Canadian dealer, issuer or controlling person  
18 with knowledge that the dealer, limited Canadian dealer,  
19 issuer or controlling person has not complied with the  
20 provisions of this Act or (iii) has failed reasonably to  
21 supervise the implementation of compliance measures  
22 following notice by the Secretary of State of  
23 noncompliance with the Act or with the regulations  
24 promulgated thereunder or both or (iv) has failed to  
25 maintain and enforce written procedures to supervise the  
26 types of business in which it engages and to supervise  
27 the activities of its salespersons that are reasonably  
28 designed to achieve compliance with applicable securities  
29 laws and regulations;

30           (f) in the case of an investment adviser, has  
31 failed reasonably to supervise the advisory activities of  
32 any of its investment adviser representatives or  
33 employees and the failure has permitted or facilitated a  
34 violation of Section 12 of this Act;

1 (g) has violated any of the provisions of this Act;

2 (h) has made any material misrepresentation to the  
3 Secretary of State in connection with any information  
4 deemed necessary by the Secretary of State to determine a  
5 dealer's, limited Canadian dealer's, or investment  
6 adviser's financial responsibility or a dealer's, limited  
7 Canadian dealer's, investment adviser's, salesperson's,  
8 or investment adviser representative's business repute or  
9 qualifications, or has refused to furnish any such  
10 information requested by the Secretary of State;

11 (i) has had a license or registration under any  
12 Federal or State law regulating the offer or sale of  
13 securities or commodity futures contracts, refused,  
14 cancelled, suspended, ~~or~~ withdrawn, revoked, or otherwise  
15 adversely affected in a similar manner;

16 (j) ~~has been-suspended-or-expelled-from-or-refused~~  
17 had membership in or association with ~~or-limited--in--any~~  
18 ~~capacity--by~~ any self-regulatory organization registered  
19 under the Federal 1934 Act or the Federal 1974 Act  
20 suspended, revoked, refused, expelled, cancelled, barred,  
21 limited in any capacity, or otherwise adversely affected  
22 in a similar manner arising from any fraudulent or  
23 deceptive act or a practice in violation of any rule,  
24 regulation or standard duly promulgated by the  
25 self-regulatory organization;

26 (k) has had any order entered against it after  
27 notice and opportunity for hearing by a securities agency  
28 of any state, any foreign government or agency thereof,  
29 the Securities and Exchange Commission, or the Federal  
30 Commodities Futures Trading Commission arising from any  
31 fraudulent or deceptive act or a practice in violation of  
32 any statute, rule or regulation administered or  
33 promulgated by the agency or commission;

34 (l) in the case of a dealer or limited Canadian

1 dealer, fails to maintain a minimum net capital in an  
2 amount which the Secretary of State may by rule or  
3 regulation require;

4 (m) has conducted a continuing course of dealing of  
5 such nature as to demonstrate an inability to properly  
6 conduct the business of the dealer, limited Canadian  
7 dealer, salesperson, investment adviser, or investment  
8 adviser representative;

9 (n) has had, after notice and opportunity for  
10 hearing, any injunction or order entered against it or  
11 license or registration refused, cancelled, suspended,  
12 revoked, withdrawn, or limited, or otherwise adversely  
13 affected in a similar manner by any state or federal  
14 body, agency or commission regulating banking, insurance,  
15 finance or small loan companies, real estate or mortgage  
16 brokers or companies, if the action resulted from any act  
17 found by the body, agency or commission to be a  
18 fraudulent or deceptive act or practice in violation of  
19 any statute, rule or regulation administered or  
20 promulgated by the body, agency or commission;

21 (o) has failed to file a return, or to pay the tax,  
22 penalty or interest shown in a filed return, or to pay  
23 any final assessment of tax, penalty or interest, as  
24 required by any tax Act administered by the Illinois  
25 Department of Revenue, until such time as the  
26 requirements of that tax Act are satisfied;

27 (p) in the case of a natural person who is a  
28 dealer, limited Canadian dealer, salesperson, investment  
29 adviser, or investment adviser representative, has  
30 defaulted on an educational loan guaranteed by the  
31 Illinois Student Assistance Commission, until the natural  
32 person has established a satisfactory repayment record as  
33 determined by the Illinois Student Assistance Commission;

34 (q) has failed to maintain the books and records

1 required under this Act or rules or regulations  
2 promulgated under this Act within a reasonable time after  
3 receiving notice of any deficiency;

4 (r) has refused to allow or otherwise impeded  
5 designees of the Secretary of State from conducting an  
6 audit, examination, inspection, or investigation provided  
7 for under Section 8 or 11 of this Act;

8 (s) has failed to maintain any minimum net capital  
9 or bond requirement set forth in this Act or any rule or  
10 regulation promulgated under this Act;

11 (t) has refused the Secretary of State or his or  
12 her designee access to any office or location within an  
13 office to conduct an investigation, audit, examination,  
14 or inspection;

15 (u) has advised or caused a public pension fund or  
16 retirement system established under the Illinois Pension  
17 Code to make an investment or engage in a transaction not  
18 authorized by that Code;

19 (v) if a corporation, limited liability company, or  
20 limited liability partnership has been suspended,  
21 canceled, revoked, or has failed to register as a foreign  
22 corporation, limited liability company, or limited  
23 liability partnership with the Secretary of State;

24 (w) is permanently or temporarily enjoined by any  
25 court of competent jurisdiction, including any state,  
26 federal, or foreign government, from engaging in or  
27 continuing any conduct or practice involving any aspect  
28 of the securities or commodities business or in any other  
29 business where the conduct or practice enjoined involved  
30 investments, franchises, insurance, banking, or finance;

31 (2) If the Secretary of State finds that any registrant  
32 or applicant for registration is no longer in existence or  
33 has ceased to do business as a dealer, limited Canadian  
34 dealer, salesperson, investment adviser, or investment

1     adviser representative, or is subject to an adjudication as a  
2     person under legal disability or to the control of a  
3     guardian, or cannot be located after reasonable search, or  
4     has failed after written notice to pay to the Secretary of  
5     State any additional fee prescribed by this Section or  
6     specified by rule or regulation, or if a natural person, has  
7     defaulted on an educational loan guaranteed by the Illinois  
8     Student Assistance Commission, the Secretary of State may by  
9     order cancel the registration or application.

10       (3) Withdrawal of an application for registration or  
11     withdrawal from registration as a dealer, limited Canadian  
12     dealer, salesperson, investment adviser, or investment  
13     adviser representative becomes effective 30 days after  
14     receipt of an application to withdraw or within such shorter  
15     period of time as the Secretary of State may determine,  
16     unless any proceeding is pending under Section 11 of this Act  
17     when the application is filed or a proceeding is instituted  
18     within 30 days after the application is filed. If a  
19     proceeding is pending or instituted, withdrawal becomes  
20     effective at such time and upon such conditions as the  
21     Secretary of State by order determines. If no proceeding is  
22     pending or instituted and withdrawal automatically becomes  
23     effective, the Secretary of State may nevertheless institute  
24     a revocation or suspension proceeding within 2 years after  
25     withdrawal became effective and enter a revocation or  
26     suspension order as of the last date on which registration  
27     was effective.

28       F. The Secretary of State shall make available upon  
29     request the date that each dealer, investment adviser,  
30     salesperson, or investment adviser representative was granted  
31     registration, together with the name and address of the  
32     dealer, limited Canadian dealer, or issuer on whose behalf  
33     the salesperson is registered, and all orders of the  
34     Secretary of State denying or abandoning an application, or

1 suspending or revoking registration, or censuring the  
2 persons. The Secretary of State may designate by rule,  
3 regulation or order the statements, information or reports  
4 submitted to or filed with him or her pursuant to this  
5 Section 8 which the Secretary of State determines are of a  
6 sensitive nature and therefore should be exempt from public  
7 disclosure. Any such statement, information or report shall  
8 be deemed confidential and shall not be disclosed to the  
9 public except upon the consent of the person filing or  
10 submitting the statement, information or report or by order  
11 of court or in court proceedings.

12 G. The registration or re-registration of a dealer or  
13 limited Canadian dealer and of all salespersons registered  
14 upon application of the dealer or limited Canadian dealer  
15 shall expire on the next succeeding anniversary date of the  
16 registration or re-registration of the dealer; and the  
17 registration or re-registration of an investment adviser and  
18 of all investment adviser representatives registered upon  
19 application of the investment adviser shall expire on the  
20 next succeeding anniversary date of the registration of the  
21 investment adviser; provided, that the Secretary of State may  
22 by rule or regulation prescribe an alternate date which any  
23 dealer registered under the Federal 1934 Act or a member of  
24 any self-regulatory association approved pursuant thereto, a  
25 member of a self-regulatory organization or stock exchange in  
26 Canada, or any investment adviser may elect as the expiration  
27 date of its dealer or limited Canadian dealer and salesperson  
28 registrations, or the expiration date of its investment  
29 adviser registration, as the case may be. A registration of  
30 a salesperson registered upon application of an issuer or  
31 controlling person shall expire on the next succeeding  
32 anniversary date of the registration, or upon termination or  
33 expiration of the registration of the securities, if any,  
34 designated in the application for his or her registration or

1 the alternative date as the Secretary may prescribe by rule  
2 or regulation. Subject to paragraph (9) of subsection C of  
3 this Section 8, a salesperson's registration also shall  
4 terminate upon cessation of his or her employment, or  
5 termination of his or her appointment or authorization, in  
6 each case by the person who applied for the salesperson's  
7 registration, provided that the Secretary of State may by  
8 rule or regulation prescribe an alternate date for the  
9 expiration of the registration.

10 H. Applications for re-registration of dealers, limited  
11 Canadian dealers, salespersons, investment advisers, and  
12 investment adviser representatives shall be filed with the  
13 Secretary of State prior to the expiration of the then  
14 current registration and shall contain such information as  
15 may be required by the Secretary of State upon initial  
16 application with such omission therefrom or addition thereto  
17 as the Secretary of State may authorize or prescribe. Each  
18 application for re-registration of a dealer, limited Canadian  
19 dealer, or investment adviser shall be accompanied by a  
20 filing fee, each application for re-registration as a  
21 salesperson shall be accompanied by a filing fee and a  
22 Securities Audit and Enforcement Fund fee established  
23 pursuant to Section 11a of this Act, and each application for  
24 re-registration as an investment adviser representative shall  
25 be accompanied by a Securities Audit and Enforcement Fund fee  
26 established under Section 11a of this Act, which shall not be  
27 returnable in any event. Notwithstanding the foregoing,  
28 applications for re-registration of dealers, limited Canadian  
29 dealers, and investment advisers may be filed within 30 days  
30 following the expiration of the registration provided that  
31 the applicant pays the annual registration fee together with  
32 an additional amount equal to the annual registration fee and  
33 files any other information or documents that the Secretary  
34 of State may prescribe by rule or regulation or order. Any

1 application filed within 30 days following the expiration of  
2 the registration shall be automatically effective as of the  
3 time of the earlier expiration provided that the proper fee  
4 has been paid to the Secretary of State.

5 Each registered dealer, limited Canadian dealer, or  
6 investment adviser shall continue to be registered if the  
7 registrant changes his, her, or its form of organization  
8 provided that the dealer or investment adviser files an  
9 amendment to his, her, or its application not later than 30  
10 days following the occurrence of the change and pays the  
11 Secretary of State a fee in the amount established under  
12 Section 11a of this Act.

13 I. (1) Every registered dealer, limited Canadian dealer,  
14 and investment adviser shall make and keep for such periods,  
15 such accounts, correspondence, memoranda, papers, books and  
16 records as the Secretary of State may by rule or regulation  
17 prescribe. All records so required shall be preserved for 3  
18 years unless the Secretary of State by rule, regulation or  
19 order prescribes otherwise for particular types of records.

20 (2) Every registered dealer, limited Canadian dealer,  
21 and investment adviser shall file such financial reports as  
22 the Secretary of State may by rule or regulation prescribe.

23 (3) All the books and records referred to in paragraph  
24 (1) of this subsection I are subject at any time or from time  
25 to time to such reasonable periodic, special or other audits,  
26 examinations, or inspections by representatives of the  
27 Secretary of State, within or without this State, as the  
28 Secretary of State deems necessary or appropriate in the  
29 public interest or for the protection of investors.

30 (4) At the time of an audit, examination, or inspection,  
31 the Secretary of State, by his or her designees, may conduct  
32 an interview of any person employed or appointed by or  
33 affiliated with a registered dealer, limited Canadian dealer,  
34 or investment advisor, provided that the dealer, limited



1 Canadian dealer, or investment advisor shall be given  
2 reasonable notice of the time and place for the interview.  
3 At the option of the dealer, limited Canadian dealer, or  
4 investment advisor, a representative of the dealer or  
5 investment advisor with supervisory responsibility over the  
6 individual being interviewed may be present at the interview.

7 J. The Secretary of State may require by rule or  
8 regulation the payment of an additional fee for the filing of  
9 information or documents required to be filed by this Section  
10 which have not been filed in a timely manner. The Secretary  
11 of State may also require by rule or regulation the payment  
12 of an examination fee for administering any examination which  
13 it may conduct pursuant to subsection B, C, D, or D-5 of this  
14 Section 8.

15 K. The Secretary of State may declare any application  
16 for registration or limited registration under this Section 8  
17 abandoned by order if the applicant fails to pay any fee or  
18 file any information or document required under this Section  
19 8 or by rule or regulation for more than 30 days after the  
20 required payment or filing date. The applicant may petition  
21 the Secretary of State for a hearing within 15 days after the  
22 applicant's receipt of the order of abandonment, provided  
23 that the petition sets forth the grounds upon which the  
24 applicant seeks a hearing.

25 L. Any document being filed pursuant to this Section 8  
26 shall be deemed filed, and any fee being paid pursuant to  
27 this Section 8 shall be deemed paid, upon the date of actual  
28 receipt thereof by the Secretary of State or his or her  
29 designee.

30 M. The Secretary of State shall provide to the Illinois  
31 Student Assistance Commission annually or at mutually agreed  
32 periodic intervals the names and social security numbers of

1 natural persons registered under subsections B, C, D, and D-5  
2 of this Section. The Illinois Student Assistance Commission  
3 shall determine if any student loan defaulter is registered  
4 as a dealer, limited Canadian dealer, salesperson, or  
5 investment adviser under this Act and report its  
6 determination to the Secretary of State or his or her  
7 designee.

8 (Source: P.A. 90-70, eff. 7-8-97; 90-507, eff. 8-22-97;  
9 90-655, eff. 7-30-98; 91-809, eff. 1-1-01.)

10 (815 ILCS 5/11) (from Ch. 121 1/2, par. 137.11)

11 Sec. 11. Duties and powers of the Secretary of State.

12 A. (1) The administration of this Act is vested in the  
13 Secretary of State, who may from time to time make, amend and  
14 rescind such rules and regulations as may be necessary to  
15 carry out this Act, including rules and regulations governing  
16 procedures of registration, statements, applications and  
17 reports for various classes of securities, persons and  
18 matters within his or her jurisdiction and defining any  
19 terms, whether or not used in this Act, insofar as the  
20 definitions are not inconsistent with this Act. The rules  
21 and regulations adopted by the Secretary of State under this  
22 Act shall be effective in the manner provided for in the  
23 Illinois Administrative Procedure Act.

24 (2) Among other things, the Secretary of State shall  
25 have authority, for the purposes of this Act, to prescribe  
26 the form or forms in which required information shall be set  
27 forth, accounting practices, the items or details to be shown  
28 in balance sheets and earning statements, and the methods to  
29 be followed in the preparation of accounts, in the appraisal  
30 or valuation of assets and liabilities, in the determination  
31 of depreciation and depletion, in the differentiation of  
32 recurring and non-recurring income, in the differentiation of  
33 investment and operating income, and in the preparation of

1 consolidated balance sheets or income accounts of any person,  
2 directly or indirectly, controlling or controlled by the  
3 issuer, or any person under direct or indirect common control  
4 with the issuer.

5 (3) No provision of this Act imposing any liability  
6 shall apply to any act done or omitted in good faith in  
7 conformity with any rule or regulation of the Secretary of  
8 State under this Act, notwithstanding that the rule or  
9 regulation may, after the act or omission, be amended or  
10 rescinded or be determined by judicial or other authority to  
11 be invalid for any reason.

12 (4) The Securities Department of the Office of the  
13 Secretary of State shall be deemed a criminal justice agency  
14 for purposes of all federal and state laws and regulations  
15 and, in that capacity, shall be entitled to access to any  
16 information available to criminal justice agencies.

17 (5) The Secretary of State, by rule, may conditionally  
18 or unconditionally exempt any person, security, or  
19 transaction, or any class or classes of persons, securities,  
20 or transactions from any provision of Section 5, 6, 7, 8, 8a,  
21 or 9 of this Act or of any rule promulgated under these  
22 Sections, to the extent that such exemption is necessary or  
23 appropriate in the public interest, and is consistent with  
24 the protection of investors.

25 B. The Secretary of State may, anything in this Act to  
26 the contrary notwithstanding, require financial statements  
27 and reports of the issuer, dealer, salesperson, or investment  
28 adviser as often as circumstances may warrant. In addition,  
29 the Secretary of State may secure information or books and  
30 records from or through others and may make or cause to be  
31 made investigations respecting the business, affairs, and  
32 property of the issuer of securities, any person involved in  
33 the sale or offer for sale, purchase or offer to purchase of  
34 any mineral investment contract, mineral deferred delivery

1 contract, or security and of dealers, salespersons, and  
2 investment advisers that are registered or are the subject of  
3 an application for registration under this Act. The costs of  
4 an investigation shall be borne by the registrant or the  
5 applicant, provided that the registrant or applicant shall  
6 not be obligated to pay the costs without his, her or its  
7 consent in advance.

8 C. Whenever it shall appear to the Secretary of State,  
9 either upon complaint or otherwise, that this Act, or any  
10 rule or regulation prescribed under authority thereof, has  
11 been or is about to be violated, he or she may, in his or her  
12 discretion, do one or both of the following:

13 (1) require or permit the person to file with the  
14 Secretary of State a statement in writing under oath, or  
15 otherwise, as to all the facts and circumstances  
16 concerning the subject matter which the Secretary of  
17 State believes to be in the public interest to  
18 investigate, audit, examine, or inspect; and

19 (2) conduct an investigation, audit, examination,  
20 or inspection as necessary or advisable for the  
21 protection of the interests of the public.

22 D. (1) For the purpose of all investigations, audits,  
23 examinations, or inspections which in the opinion of the  
24 Secretary of State are necessary and proper for the  
25 enforcement of this Act, the Secretary of State or a person  
26 designated by him or her is empowered to administer oaths and  
27 affirmations, subpoena witnesses, take evidence, and require,  
28 by subpoena or other lawful means provided by this Act or the  
29 rules adopted by the Secretary of State, the production of  
30 any books and records, papers, or other documents which the  
31 Secretary of State or a person designated by him or her deems  
32 relevant or material to the inquiry.

33 (2) The Secretary of State or a person designated by him  
34 or her is further empowered to administer oaths and

1 affirmations, subpoena witnesses, take evidence, and require  
2 the production of any books and records, papers, or other  
3 documents in this State at the request of a securities agency  
4 of another state, if the activities constituting the alleged  
5 violation for which the information is sought would be in  
6 violation of Section 12 of this Act if the activities had  
7 occurred in this State.

8 (3) The Circuit Court of any County of this State, upon  
9 application of the Secretary of State or a person designated  
10 by him or her may order the attendance of witnesses, the  
11 production of books and records, papers, accounts and  
12 documents and the giving of testimony before the Secretary of  
13 State or a person designated by him or her; and any failure  
14 to obey the order may be punished by the Circuit Court as a  
15 contempt thereof.

16 (4) The fees of subpoenaed witnesses under this Act for  
17 attendance and travel shall be the same as fees of witnesses  
18 before the Circuit Courts of this State, to be paid when the  
19 witness is excused from further attendance, provided, the  
20 witness is subpoenaed at the instance of the Secretary of  
21 State; and payment of the fees shall be made and audited in  
22 the same manner as other expenses of the Secretary of State.

23 (5) Whenever a subpoena is issued at the request of a  
24 complainant or respondent as the case may be, the Secretary  
25 of State may require that the cost of service and the fee of  
26 the witness shall be borne by the party at whose instance the  
27 witness is summoned.

28 (6) The Secretary of State shall have power at his or  
29 her discretion, to require a deposit to cover the cost of the  
30 service and witness fees and the payment of the legal witness  
31 fee and mileage to the witness served with subpoena.

32 (7) A subpoena issued under this Act shall be served in  
33 the same manner as a subpoena issued out of a circuit court.

34 (8) The Secretary of State may in any investigation,

1 audits, examinations, or inspections cause the taking of  
2 depositions of persons residing within or without this State  
3 in the manner provided in civil actions under the laws of  
4 this State.

5 E. Anything in this Act to the contrary notwithstanding:

6 (1) If the Secretary of State shall find that the  
7 offer or sale or proposed offer or sale or method of  
8 offer or sale of any securities by any person, whether  
9 exempt or not, in this State, is fraudulent, or would  
10 work or tend to work a fraud or deceit, or is being  
11 offered or sold in violation of Section 12, or there has  
12 been a failure or refusal to submit any notification  
13 filing or fee required under this Act, the Secretary of  
14 State may by written order prohibit or suspend the offer  
15 or sale of securities by that person or deny or revoke  
16 the registration of the securities or the exemption from  
17 registration for the securities.

18 (2) If the Secretary of State shall find that any  
19 person has violated subsection C, D, E, F, G, H, I, J, or  
20 K of Section 12 of this Act, the Secretary of State may  
21 by written order temporarily or permanently prohibit or  
22 suspend the person from offering or selling any  
23 securities, any mineral investment contract, or any  
24 mineral deferred delivery contract in this State,  
25 provided that any person who is the subject of an order  
26 of permanent prohibition may petition the Secretary of  
27 State for a hearing to present evidence of rehabilitation  
28 or change in circumstances justifying the amendment or  
29 termination of the order of permanent prohibition.

30 (3) If the Secretary of State shall find that any  
31 person is engaging or has engaged in the business of  
32 selling or offering for sale securities as a dealer or  
33 salesperson or is acting or has acted as an investment  
34 adviser, investment adviser representative, or federal

1 covered investment adviser, without prior thereto and at  
2 the time thereof having complied with the registration or  
3 notice filing requirements of this Act, the Secretary of  
4 State may by written order prohibit or suspend the person  
5 from engaging in the business of selling or offering for  
6 sale securities, or acting as an investment adviser,  
7 investment adviser representative, or federal covered  
8 investment adviser, in this State.

9 (4) In addition to any other sanction or remedy  
10 contained in this subsection E, the Secretary of State,  
11 after finding that any provision of this Act has been  
12 violated, may impose a fine as provided by rule,  
13 regulation or order not to exceed \$10,000 for each  
14 violation of this Act, and may issue an order of public  
15 censure against the violator, and may charge as costs of  
16 investigation all reasonable expenses, including  
17 attorney's fees and witness fees.

18 F. (1) The Secretary of State shall not deny, suspend or  
19 revoke the registration of securities, suspend or revoke the  
20 registration of a dealer, salesperson or investment adviser,  
21 prohibit or suspend the offer or sale of any securities,  
22 prohibit or suspend any person from offering or selling any  
23 securities in this State, prohibit or suspend a dealer or  
24 salesperson from engaging in the business of selling or  
25 offering for sale securities, prohibit or suspend a person  
26 from acting as an investment adviser or federal covered  
27 investment adviser, impose any fine for violation of this  
28 Act, issue an order of public censure, or enter into an  
29 agreed settlement except after an opportunity for hearing  
30 upon not less than 10 days notice given by personal service  
31 or registered mail or certified mail, return receipt  
32 requested, to the person or persons concerned. Such notice  
33 shall state the date and time and place of the hearing and  
34 shall contain a brief statement of the proposed action of the

1 Secretary of State and the grounds for the proposed action.  
2 A failure to appear at the hearing or otherwise respond to  
3 the allegations set forth in the notice of hearing shall  
4 constitute an admission of any facts alleged therein and  
5 shall constitute sufficient basis to enter an order.

6 (2) Anything herein contained to the contrary  
7 notwithstanding, the Secretary of State may temporarily  
8 prohibit or suspend, for a maximum period of 90 days, by an  
9 order effective immediately, the offer or sale or  
10 registration of securities, the registration of a dealer,  
11 salesperson, investment adviser, or investment adviser  
12 representative, or the offer or sale of securities by any  
13 person, or the business of rendering investment advice,  
14 without the notice and prior hearing in this subsection  
15 prescribed, if the Secretary of State shall in his or her  
16 opinion, based on credible evidence, deem it necessary to  
17 prevent an imminent violation of this Act or to prevent  
18 losses to investors which the Secretary of State reasonably  
19 believes will occur as a result of a prior violation of this  
20 Act. Immediately after taking action without such notice and  
21 hearing, the Secretary of State shall deliver a copy of the  
22 temporary order to the respondent named therein by personal  
23 service or registered mail or certified mail, return receipt  
24 requested. The temporary order shall set forth the grounds  
25 for the action and shall advise that the respondent may  
26 request a hearing ~~as-seen-as-reasonably-practicable~~, that the  
27 request for a hearing will not stop the effectiveness of the  
28 temporary order and that respondent's failure to request a  
29 hearing within 30 days after the date of the entry of the  
30 temporary order shall constitute an admission of any facts  
31 alleged therein and shall constitute sufficient basis to make  
32 the temporary order final. Any provision of this paragraph  
33 (2) to the contrary notwithstanding, the Secretary of State  
34 may not pursuant to the provisions of this paragraph (2)



1 suspend the registration of a dealer, limited Canadian  
2 dealer, salesperson, investment adviser, or investment  
3 adviser representative based upon sub-paragraph (n) of  
4 paragraph (1) of subsection E of Section 8 of this Act or  
5 revoke the registration of securities or revoke the  
6 registration of any dealer, salesperson, investment adviser  
7 representative, or investment adviser.

8 (3) The Secretary of State may issue a temporary order  
9 suspending or delaying the effectiveness of any registration  
10 of securities under subsection A or B of Section 5, 6 or 7 of  
11 this Act subsequent to and upon the basis of the issuance of  
12 any stop, suspension or similar order by the Securities and  
13 Exchange Commission with respect to the securities which are  
14 the subject of the registration under subsection A or B of  
15 Section 5, 6 or 7 of this Act, and the order shall become  
16 effective as of the date and time of effectiveness of the  
17 Securities and Exchange Commission order and shall be vacated  
18 automatically at such time as the order of the Securities and  
19 Exchange Commission is no longer in effect.

20 (4) When the Secretary of State finds that an  
21 application for registration as a dealer, salesperson or  
22 investment adviser should be denied, the Secretary of State  
23 may enter an order denying the registration. Immediately  
24 after taking such action, the Secretary of State shall  
25 deliver a copy of the order to the respondent named therein  
26 by personal service or registered mail or certified mail,  
27 return receipt requested. The order shall state the grounds  
28 for the action and that the matter will be set for hearing  
29 upon written request filed with the Secretary of State within  
30 30 days after the receipt of the request by the respondent.  
31 The respondent's failure to request a hearing within 30 days  
32 after receipt of the order shall constitute an admission of  
33 any facts alleged therein and shall make the order final. If  
34 a hearing is held, the Secretary of State shall affirm,

1 vacate, or modify the order.

2 (5) The findings and decision of the Secretary of State  
3 upon the conclusion of each final hearing held pursuant to  
4 this subsection shall be set forth in a written order signed  
5 on behalf of the Secretary of State by his or her designee  
6 and shall be filed as a public record. All hearings shall be  
7 held before a person designated by the Secretary of State,  
8 and appropriate records thereof shall be kept.

9 (6) Notwithstanding the foregoing, the Secretary of  
10 State, after notice and opportunity for hearing, may at his  
11 or her discretion enter into an agreed settlement,  
12 stipulation or consent order with a respondent in accordance  
13 with the provisions of the Illinois Administrative Procedure  
14 Act. The provisions of the agreed settlement, stipulation or  
15 consent order shall have the full force and effect of an  
16 order issued by the Secretary of State.

17 (7) Anything in this Act to the contrary  
18 notwithstanding, whenever the Secretary of State finds that a  
19 person is currently expelled from, refused membership in or  
20 association with, or limited in any material capacity by a  
21 self-regulatory organization registered under the Federal  
22 1934 Act or the Federal 1974 Act because of a fraudulent or  
23 deceptive act or a practice in violation of a rule,  
24 regulation, or standard duly promulgated by the  
25 self-regulatory organization, the Secretary of State may, at  
26 his or her discretion, enter a Summary Order of Prohibition,  
27 which shall prohibit the offer or sale of any securities,  
28 mineral investment contract, or mineral deferred delivery  
29 contract by the person in this State. The order shall take  
30 effect immediately upon its entry. Immediately after taking  
31 the action the Secretary of State shall deliver a copy of the  
32 order to the named Respondent by personal service or  
33 registered mail or certified mail, return receipt requested.  
34 A person who is the subject of an Order of Prohibition may

1 petition the Secretary of State for a hearing to present  
2 evidence of rehabilitation or change in circumstances  
3 justifying the amendment or termination of the Order of  
4 Prohibition.

5 G. No administrative action shall be brought by the  
6 Secretary of State for relief under this Act or upon or  
7 because of any of the matters for which relief is granted by  
8 this Act after the earlier to occur of (i) 3 years from the  
9 date upon which the Secretary of State had notice of facts  
10 which in the exercise of reasonable diligence would lead to  
11 actual knowledge of the alleged violation of the Act, or (ii)  
12 5 years from the date on which the alleged violation  
13 occurred.

14 H. The action of the Secretary of State in denying,  
15 suspending, or revoking the registration of a dealer, limited  
16 Canadian dealer, salesperson, investment adviser, or  
17 investment adviser representative, in prohibiting any person  
18 from engaging in the business of offering or selling  
19 securities as a dealer, limited Canadian dealer, or  
20 salesperson, in prohibiting or suspending the offer or sale  
21 of securities by any person, in prohibiting a person from  
22 acting as an investment adviser, federal covered investment  
23 adviser, or investment adviser representative, in denying,  
24 suspending, or revoking the registration of securities, in  
25 prohibiting or suspending the offer or sale or proposed offer  
26 or sale of securities, in imposing any fine for violation of  
27 this Act, or in issuing any order shall be subject to  
28 judicial review in the Circuit Courts ~~Court~~ of Cook or  
29 Sangamon any Counties ~~county~~ in this State. The  
30 Administrative Review Law shall apply to and govern every  
31 action for the judicial review of final actions or decisions  
32 of the Secretary of State under this Act.

33 I. Notwithstanding any other provisions of this Act to  
34 the contrary, whenever it shall appear to the Secretary of

1 State that any person is engaged or about to engage in any  
2 acts or practices which constitute or will constitute a  
3 violation of this Act or of any rule or regulation prescribed  
4 under authority of this Act, the Secretary of State may at  
5 his or her discretion, through the Attorney General:

6 (1) file a complaint and apply for a temporary  
7 restraining order without notice, and upon a proper  
8 showing the court may enter a temporary restraining order  
9 without bond, to enforce this Act; and

10 (2) file a complaint and apply for a preliminary or  
11 permanent injunction, and, after notice and a hearing and  
12 upon a proper showing, the court may grant a preliminary  
13 or permanent injunction and may order the defendant to  
14 make an offer of rescission with respect to any sales or  
15 purchases of securities, mineral investment contracts, or  
16 mineral deferred delivery contracts determined by the  
17 court to be unlawful under this Act.

18 The court shall further have jurisdiction and authority,  
19 in addition to the penalties and other remedies in this Act  
20 provided, to enter an order for the appointment of the court  
21 or a person as a receiver, conservator, ancillary receiver or  
22 ancillary conservator for the defendant or the defendant's  
23 assets located in this State, or to require restitution,  
24 damages or disgorgement of profits on behalf of the person or  
25 persons injured by the act or practice constituting the  
26 subject matter of the action, and may assess costs against  
27 the defendant for the use of the State; provided, however,  
28 that the civil remedies of rescission and appointment of a  
29 receiver, conservator, ancillary receiver or ancillary  
30 conservator shall not be available against any person by  
31 reason of the failure to file with the Secretary of State, or  
32 on account of the contents of, any report of sale provided  
33 for in subsection G or P of Section 4, paragraph (2) of  
34 subsection D of Sections 5 and 6, or paragraph (2) of

1 subsection F of Section 7 of this Act. Appeals may be taken  
2 as in other civil cases.

3 J. In no case shall the Secretary of State, or any of  
4 his or her employees or agents, in the administration of this  
5 Act, incur any official or personal liability by instituting  
6 an injunction or other proceeding or by denying, suspending  
7 or revoking the registration of a dealer or salesperson, or  
8 by denying, suspending or revoking the registration of  
9 securities or prohibiting the offer or sale of securities, or  
10 by suspending or prohibiting any person from acting as a  
11 dealer, limited Canadian dealer, salesperson, investment  
12 adviser, or investment adviser representative or from  
13 offering or selling securities.

14 K. No provision of this Act shall be construed to  
15 require or to authorize the Secretary of State to require any  
16 investment adviser or federal covered investment adviser  
17 engaged in rendering investment supervisory services to  
18 disclose the identity, investments, or affairs of any client  
19 of the investment adviser or federal covered investment  
20 adviser, except insofar as the disclosure may be necessary or  
21 appropriate in a particular proceeding or investigation  
22 having as its object the enforcement of this Act.

23 L. Whenever, after an examination, investigation or  
24 hearing, the Secretary of State deems it of public interest  
25 or advantage, he or she may certify a record to the State's  
26 Attorney of the county in which the act complained of,  
27 examined or investigated occurred. The State's Attorney of  
28 that county within 90 days after receipt of the record shall  
29 file a written statement at the Office of the Secretary of  
30 State, which statement shall set forth the action taken upon  
31 the record, or if no action has been taken upon the record  
32 that fact, together with the reasons therefor, shall be  
33 stated.

34 M. The Secretary of State may initiate, take, pursue, or

1 prosecute any action authorized or permitted under Section 6d  
2 of the Federal 1974 Act.

3 N. (1) Notwithstanding any provision of this Act to the  
4 contrary, to encourage uniform interpretation,  
5 administration, and enforcement of the provisions of this  
6 Act, the Secretary of State may cooperate with the securities  
7 agencies or administrators of one or more states, Canadian  
8 provinces or territories, or another country, the Securities  
9 and Exchange Commission, the Commodity Futures Trading  
10 Commission, the Securities Investor Protection Corporation,  
11 any self-regulatory organization, and any governmental law  
12 enforcement or regulatory agency.

13 (2) The cooperation authorized by paragraph (1) of this  
14 subsection includes, but is not limited to, the following:

15 (a) establishing or participating in a central  
16 depository or depositories for registration under this  
17 Act and for documents or records required under this Act;

18 (b) making a joint audit, inspection, examination,  
19 or investigation;

20 (c) holding a joint administrative hearing;

21 (d) filing and prosecuting a joint civil or  
22 criminal proceeding;

23 (e) sharing and exchanging personnel;

24 (f) sharing and exchanging information and  
25 documents; or

26 (g) issuing any joint statement or policy.

27 (Source: P.A. 90-70, eff. 7-8-97; 91-809, eff. 1-1-01.)

28 (815 ILCS 5/14) (from Ch. 121 1/2, par. 137.14)

29 Sec. 14. Sentence.

30 A. Any person who violates any of the provisions of  
31 subsection A, B, C, or D of Section 12 or paragraph (3) of  
32 subsection K of Section 12 of this Act shall be guilty of a  
33 Class 4 felony. ~~A-misdemeanor;-provided-that-if-such-person~~

1 commits such offense with knowledge of the existence, meaning  
 2 or application of the respective subsection as provided in  
 3 Section 4-3(e) of the Criminal Code of 1961, or, in the case  
 4 of a failure to comply with the terms of any order of the  
 5 Secretary of State as provided under subsection D of Section  
 6 12 of this Act, with knowledge of the existence of such  
 7 order, such person shall be guilty of a Class 4 felony.

8 B. Any person who violates any of the provisions of  
 9 subsection E, F, G, H, I, or J, or paragraph (1) or (2) of  
 10 subsection K of Section 12 of this Act shall be guilty of a  
 11 Class 3 felony.

12 B-5. A person who violates a provision of subsection E,  
 13 F, G, H, I, or J or paragraph (1) or (2) of subsection K of  
 14 Section 12 of this Act by use of a plan, program, or campaign  
 15 that is conducted using one or more telephones for the  
 16 purpose of inducing the purchase or sale of securities is  
 17 guilty of a Class 2 felony.

18 B-10. A person who in the course of violating a  
 19 provision of subsection E, F, G, H, I, or J or paragraph (1)  
 20 or (2) of subsection K of Section 12 of this Act induces a  
 21 person 60 years of age or older to purchase or sell  
 22 securities is guilty of a Class 2 felony.

23 C. No prosecution for violation of any provision of this  
 24 Act shall bar or be barred by any prosecution for the  
 25 violation of any other provision of this Act or of any other  
 26 statute; but all prosecutions under this Act or based upon  
 27 any provision of this Act must be commenced within 3 years  
 28 after the violation upon which such prosecution is based;  
 29 provided however, that if the accused has intentionally  
 30 concealed evidence of a violation of subsection E, F, G, H,  
 31 I, J, or K of Section 12 of this Act, the period of  
 32 limitation prescribed herein shall be extended up to an  
 33 additional 2 years after the proper prosecuting officer  
 34 becomes aware of the offense but in no such event shall the

1 period of limitation so extended be more than 2 years beyond  
2 the expiration of the period otherwise applicable.

3 D. For the purposes of this Act all persons who shall  
4 sell or offer for sale, or who shall purchase or offer to  
5 purchase, securities in violation of the provisions of this  
6 Act, or who shall in any manner knowingly authorize, aid or  
7 assist in any unlawful sale or offering for sale or unlawful  
8 purchase or offer to purchase shall be deemed equally guilty,  
9 and may be tried and punished in the county in which said  
10 unlawful sale or offering for sale or unlawful purchase or  
11 offer to purchase was made, or in the county in which the  
12 securities so sold or offered for sale or so purchased or  
13 offered to be purchased were delivered or proposed to be  
14 delivered to the purchaser thereof or by the seller thereof,  
15 as the case may be.

16 E. Any person who shall be convicted of a second or any  
17 subsequent offense specified in subsection A, B, C, D, or  
18 paragraph (3) of subsection K of Section 12 of this Act shall  
19 be guilty of a Class 3 felony, and any person who shall be  
20 convicted of a second or any subsequent offense specified in  
21 subsection E, F, G, H, I, J, or paragraph (1) or (2) of  
22 subsection K of Section 12 of this Act shall be guilty of a  
23 Class 2 felony.

24 F. If any person referred to in this Section is not a  
25 natural person, it may upon conviction of a first offense be  
26 fined up to \$25,000, and if convicted of a second and  
27 subsequent offense, may be fined up to \$50,000, in addition  
28 to any other sentence authorized by law.

29 G. This Act shall not be construed to repeal or affect  
30 any law now in force relating to the organization of  
31 corporations in this State or the admission of any foreign  
32 corporation to do business in this State.

33 H. For the purposes of this Act, all persons who sell or  
34 offer for sale, or who purchase or offer to purchase any



1 mineral investment contract or mineral deferred delivery  
2 contract in violation of the provisions of this Act or who,  
3 in any manner, knowingly authorize, aid, or assist in any  
4 unlawful sale or offer for sale or unlawful purchase or offer  
5 to purchase any mineral investment contract or mineral  
6 deferred delivery contract shall be deemed equally guilty and  
7 may be tried and punished in the county in which the unlawful  
8 sale or offer for sale or unlawful purchase or offer to  
9 purchase any mineral investment contract or mineral deferred  
10 delivery contract was made or in the county in which the  
11 mineral investment contract or mineral deferred delivery  
12 contract so sold or offered for sale or so purchased or  
13 offered to be purchased was delivered or proposed to be  
14 delivered to the purchaser thereof or by the seller thereof,  
15 as the case may be, or in Sangamon County.

16 (Source: P.A. 90-667, eff. 7-30-98.)

17 Section 10. The Illinois Loan Brokers Act of 1995 is  
18 amended by changing Sections 15-5.15, 15-5.20, 15-20, 15-25,  
19 15-45, 15-50, 15-85 and by adding Section 15-95 as follows:

20 (815 ILCS 175/15-5.15)

21 Sec. 15-5.15. Loan broker.

22 (a) "Loan Broker" means any person who, in return for a  
23 fee, commission, or other compensation from any person,  
24 promises to procure a loan for any person or assist any  
25 person in procuring a loan from any third party, or who  
26 promises to consider whether or not to make a loan to any  
27 person.

28 (b) Loan broker does not include any of the following:

29 (1) Any bank, savings bank, trust company, savings  
30 and loan association, credit union or any other financial  
31 institution regulated by any agency of the United States  
32 or authorized to do business in this State.

1           (2) Any person authorized to sell and service loans  
2           for the federal National Mortgage Association or the  
3           federal Home Loan Mortgage Corporation, issue securities  
4           backed by the Government National Mortgage Association,  
5           make loans insured by the federal Department of Housing  
6           and Urban Development, make loans guaranteed by the  
7           federal Veterans Administration, or act as a  
8           correspondent of loans insured by the federal Department  
9           of Housing and Urban Development or guaranteed by the  
10          federal Veterans Administration.

11          (3) Any insurance producer or company authorized to  
12          do business in this State.

13          (4) Any person arranging financing for the sale of  
14          the person's product.

15          (5) Any person authorized to conduct business under  
16          the Residential Mortgage License Act of 1987.

17          (6) Any person authorized to do business in this  
18          State and regulated by the Department of Financial  
19          Institutions or the Office of Banks and Real Estate.

20          (Source: P.A. 89-209, eff. 1-1-96; 89-508, eff. 7-3-96.)

21          (815 ILCS 175/15-5.20)

22          Sec. 15-5.20. Person. "Person" means an individual, a  
23          corporation, trust, limited liability company, partnership, a  
24          joint stock company, limited liability partnership,  
25          incorporated or unincorporated association, or any other  
26          entity.

27          (Source: P.A. 89-209, eff. 1-1-96.)

28          (815 ILCS 175/15-20)

29          Sec. 15-20. Renewal of registration.

30          (a) A loan broker may not continue engaging in the  
31          business of loan brokering unless the broker's registration  
32          is renewed annually. A loan broker shall renew the

1 registration by filing with the Secretary of State, at least  
2 30 days before the expiration of the registration, an  
3 application containing any information the Secretary of State  
4 may require by rule or regulation or order to indicate any  
5 material change from the information contained in the  
6 applicant's original application or any previous application.

7 (b) An application for renewal must be accompanied by a  
8 filing fee in the amount specified in subsection (a) of  
9 Section 15-25 of this Act. The application and fee is not  
10 returnable in any event.

11 (c) Notwithstanding the foregoing, applications for  
12 renewal of registration of loan brokers may be filed within  
13 30 days following the expiration of the registration  
14 provided that the applicant pays the annual registration fee  
15 together with an additional amount equal to the annual  
16 registration fee and files any other information or  
17 documents that the Secretary of State may prescribe by  
18 rule or order. Any application filed within 30 days  
19 following the expiration of the registration shall be  
20 automatically effective as of the time of the earlier  
21 expiration provided that the proper fee has been paid to the  
22 Secretary of State.

23 (Source: P.A. 89-209, eff. 1-1-96.)

24 (815 ILCS 175/15-25)

25 Sec. 15-25. Fees and funds; accounting and deposit in  
26 Securities Audit and Enforcement Fund.

27 (a) the Secretary of State shall by rule or regulation  
28 impose and shall collect fees necessary for the  
29 administration of this Act including, but not limited to,  
30 fees for the following purposes:

31 (1) filing an application pursuant to Section 15-15  
32 of this Act;

33 (2) examining an application pursuant to Section

1 15-15 or Section 15-20 of this Act;

2 (3) registering a loan broker pursuant to Section  
3 15-15 of this Act;

4 (4) renewing registration of a loan broker pursuant  
5 to Section 15-20 of this Act; or

6 (5) failure to file or file timely any document or  
7 information required under this Act;

8 (6) acceptance of service of process pursuant to  
9 Section 15-95;

10 (7) issuance of certification pursuant to Section  
11 15-50; or

12 (8) late registration fee pursuant to Section  
13 15-20(c).

14 (b) The Secretary of State may, by rule or regulation,  
15 raise or lower any fee imposed by this Act, and which he or  
16 she is authorized by law to collect under this Act.

17 (c) All fees and funds accruing for the administration  
18 of this Act shall be accounted for by the Secretary of State  
19 and shall be deposited with the State Treasurer who shall  
20 deposit them in the Securities Audit and Enforcement Fund.

21 (Source: P.A. 89-209, eff. 1-1-96.)

22 (815 ILCS 175/15-45)

23 Sec. 15-45. Powers of Secretary of State; privilege  
24 against self-incrimination; admissibility into evidence.

25 (a) The Secretary of State may do the following:

26 (1) Adopt rules and regulations to implement this  
27 Act.

28 (2) Make investigations and examinations:

29 (A) in connection with any application for  
30 registration of any loan broker or any registration  
31 already granted; or

32 (B) whenever it appears to the Secretary of  
33 State, upon the basis of a complaint or information,

1           that reasonable grounds exist for the belief that an  
2           investigation or examination is necessary or  
3           advisable for the more complete protection of the  
4           interests of the public.

5           (3) Charge as costs of investigation or examination  
6           all reasonable expenses, including a per diem prorated  
7           upon the salary of any employee and actual traveling and  
8           hotel expenses. All reasonable expenses are to be paid  
9           by the party or parties under investigation or  
10          examination.

11          (4) Issue notices and orders, including cease and  
12          desist notices and orders, after making an investigation  
13          or examination under item (2) of subsection (a) of this  
14          Section. The Secretary of State may also bring an action  
15          to prohibit a person from violating this Act. The  
16          Secretary of State shall notify the person that an order  
17          or notice has been issued, the reasons for it and that a  
18          hearing will be set in accordance with the provisions of  
19          the Illinois Administrative Procedure Act after the  
20          Secretary of State receives a written request from the  
21          person requesting a hearing.

22          (5) Sign all orders, official certifications,  
23          documents or papers issued under this Act or delegate the  
24          authority to sign any of those items to his or her  
25          designee.

26          (6) Hold and conduct hearings.

27          (7) Hear evidence.

28          (8) Conduct inquiries with or without hearings.  
29          Inquiries shall include oral and written requests for  
30          information. A failure to respond to a written request  
31          for information may be deemed a violation of this Act  
32          and the Secretary of State may issue notices and orders,  
33          including cease and desist notices and orders, against  
34          the violators.

1           (9) Receive reports of investigators or other  
 2 officers or employees of the State of Illinois or any  
 3 municipal corporation or governmental subdivision within  
 4 the State.

5           (10) (Blank). ~~Administer oaths or cause them to be~~  
 6 ~~administered.~~

7           (11) (Blank). ~~Subpoena witnesses and compel them to~~  
 8 ~~attend and testify.~~

9           (12) (Blank). ~~Compel the production of books,~~  
 10 ~~records and other documents.~~

11           (13) Order depositions to be taken of any witness  
 12 residing within or without the State. The depositions  
 13 shall be taken in the manner prescribed by law for  
 14 depositions in civil actions and made returnable to the  
 15 Secretary of State.

16           (14) For the purpose of all investigations, audits,  
 17 examinations, or inspections that, in the opinion of the  
 18 Secretary of State are necessary and proper for the  
 19 enforcement of this Act, the Secretary of State or a  
 20 person designated by him or her is empowered to  
 21 administer oaths and affirmations, subpoena witnesses,  
 22 take evidence, and require by subpoena or other lawful  
 23 means provided by this Act or the rules adopted by the  
 24 Secretary of State the production of any books and  
 25 records, papers, or other documents that the Secretary  
 26 of State or a person designated by him or her deems  
 27 relevant or material to the inquiry.

28           (b) If any person refuses to obey a subpoena issued  
 29 under this Act, the Secretary of State may make application  
 30 to any court of competent jurisdiction to order the person to  
 31 appear before the Secretary of State and produce documentary  
 32 evidence or give evidence as directed in the subpoena. The  
 33 failure to obey the order of the court shall be subject to  
 34 punishment by the court as contempt of court.

1           (c) No person shall be excused from complying with a  
2 subpoena on the ground that the testimony or evidence  
3 required may tend to incriminate the person or subject the  
4 person to a penalty or forfeiture. No individual may be  
5 prosecuted or subject to any penalty or forfeiture for or on  
6 account of any transaction, matter or thing which the  
7 individual is compelled to testify or produce evidence, after  
8 claiming the privilege against self-incrimination. However,  
9 the individual so testifying shall not be exempt from  
10 prosecution and punishment for perjury committed in so  
11 testifying.

12           (d) In any prosecution, action, suit or proceeding based  
13 upon or arising out of this Act, the Secretary of State may  
14 sign a certificate showing compliance or non-compliance with  
15 this Act by any loan broker. This shall constitute prima  
16 facie evidence of compliance or non-compliance with this Act  
17 and shall be admissible in evidence in any court.

18           (e) Whenever it shall appear to the Secretary of State  
19 that any person is engaged or about to engage in any acts or  
20 practices which constitute or will constitute a violation of  
21 this Act, or of any rule or regulation prescribed under  
22 authority of this Act, the Secretary of State may at his or  
23 her discretion, through the Attorney General:

24           (1) File a complaint and apply for a temporary  
25 restraining order without notice, and upon a proper  
26 showing the court may enter a temporary restraining order  
27 without a bond, to enforce this Act.

28           (2) File a complaint and apply for a preliminary or  
29 permanent injunction, and, after notice and hearing and  
30 upon a proper showing, the court may grant a preliminary  
31 or permanent injunction and may order the defendant to  
32 make an offer of rescission with respect to any contract  
33 for loan brokerage services determined by the court to be  
34 unlawful under this Act.

1 (f) The court shall further have jurisdiction and  
2 authority, in addition to the penalties and other remedies in  
3 this Act provided, to enter an order for the appointment of  
4 the court or a person as a receiver, conservator, ancillary  
5 receiver or ancillary conservator for the defendant or the  
6 defendant's assets located in this State, or to require  
7 restitution, damages or disgorgement of profits on behalf of  
8 the person or persons injured by the act or practice  
9 constituting the subject matter of the action, and may assess  
10 costs and attorneys fees against the defendant for the use of  
11 the State.

12 (Source: P.A. 90-70, eff. 7-8-97; 91-357, eff. 7-29-99.)

13 (815 ILCS 175/15-50)

14 Sec. 15-50. Evidentiary matters.

15 (a) Certified copies of documents or records admissible  
16 in actions or proceedings under this Act. Copies of any  
17 statement or document filed with the Secretary of State, and  
18 copies of any records of the Secretary of State, certified to  
19 by the Secretary of State are admissible in any prosecution,  
20 action, suit or proceeding based upon, or arising out of or  
21 under, the provisions of this Act to the same effect as the  
22 original of the statement, document or record would be if  
23 actually produced.

24 (b) In any action, administrative, civil, or criminal, a  
25 certificate under the seal of the State of Illinois, signed  
26 by the Secretary of State, attesting to the filing of  
27 or the absence of the filing of any document or record with  
28 the Secretary of State under this Act, shall constitute  
29 prima facie evidence of the filing or of the absence of the  
30 filing, and shall be admissible in evidence in any  
31 administrative, criminal, or civil action.

32 (c) Any certificate pursuant to subsection (a) or (b) of  
33 this Section shall be furnished by the Secretary of State



1 upon application therefor in the form and in the manner  
 2 prescribed by the Secretary of State by rule, and shall be  
 3 accompanied by payment of a non-refundable certification  
 4 fee in the amount specified by rule or order of the  
 5 Secretary of State.

6 (Source: P.A. 89-209, eff. 1-1-96.)

7 (815 ILCS 175/15-85)

8 Sec. 15-85. Fraudulent and prohibited acts.

9 (a) A loan broker shall not, in connection with a  
 10 contract for the services of a loan broker, either directly  
 11 or indirectly, do any of the following:

12 (1) (a) Employ any device, scheme or article to  
 13 defraud.

14 (2) (b) Make any untrue statements of a material  
 15 fact or omit to state a material fact necessary in order  
 16 to make the statements made, in the light of  
 17 circumstances under which they are made, not misleading.

18 (3) (c) Engage in any act, practice or course of  
 19 business that operates or would operate as a fraud or  
 20 deceit upon any person.

21 (b) A loan broker shall not either directly or  
 22 indirectly do any of the following:

23 (1) act as a loan broker without registration under  
 24 this Act unless exempt under the Act;

25 (2) fail to file with the Secretary of State any  
 26 application, report, document, or answer required to be  
 27 filed under the provisions of this Act or any rule made  
 28 by the Secretary of State pursuant to this Act, or fail  
 29 to comply with the terms of any order issued pursuant to  
 30 this Act or any rules made by the Secretary of State;

31 (3) fail to keep or maintain any records as required  
 32 under the provisions of this Act or any rule made by the  
 33 Secretary of State pursuant to this Act.

1 (Source: P.A. 89-209, eff. 1-1-96.)

2 (815 ILCS 175/15-95 new)

3 Sec. 15-95. Service of process.

4 (a) A person acting as a loan broker, unless exempt from  
5 registration under this Act, shall constitute an appointment  
6 of the Secretary of State, or his or her successors in  
7 Office, by the person to be the true and lawful attorney for  
8 the person upon whom may be served all lawful process in any  
9 action or proceeding against the person, arising out of his  
10 or her activities as a loan broker.

11 (b) Service of process under this Section shall be made  
12 by serving a copy upon the Secretary of State or any employee  
13 in his or her Office designated by the Secretary of State to  
14 accept such service for him or her, provided notice and a  
15 copy of the process are, within 10 days of receipt, sent by  
16 registered mail or certified mail, return receipt requested,  
17 by the plaintiff to the defendant, at the last known address  
18 of the defendant. The filing fee for service of process  
19 under this Section is non-refundable and is the amount  
20 established in Section 15-25 of this Act. The Secretary of  
21 State shall keep a record of all such processes that shall  
22 show the day of the service.

23 Section 15. The Illinois Business Brokers Act of 1995 is  
24 amended by changing Sections 10-5.20, 10-20, 10-25, 10-40,  
25 10-45, 10-50, 10-55, 10-85 and by adding Section 10-125 as  
26 follows:

27 (815 ILCS 307/10-5.20)

28 Sec. 10-5.20. Person. "Person" means an individual, a  
29 corporation, a partnership, an association, a joint stock  
30 company, a limited liability company, a limited liability  
31 partnership, a trust, or any unincorporated organization, or

1 any other entity.

2 (Source: P.A. 89-209, eff. 1-1-96.)

3 (815 ILCS 307/10-20)

4 Sec. 10-20. Renewal of registration.

5 (a) A business broker may not continue engaging in the  
6 business of business brokering unless the broker's  
7 registration is renewed annually. A business broker shall  
8 renew the registration by filing with the Secretary of State,  
9 at least 30 days before the expiration of the registration,  
10 an application containing any information the Secretary of  
11 State may require to indicate any material change from the  
12 information contained in the applicant's original application  
13 or any previous application.

14 (b) An application for renewal must be accompanied by a  
15 filing fee in the amount specified in subsection (a) of  
16 Section 10-25 of this Act, and shall not be returnable in any  
17 event.

18 (c) Notwithstanding the foregoing, applications for  
19 renewal of registration of business brokers may be filed  
20 within 30 days following the expiration of the  
21 registration provided that the applicant pays the annual  
22 registration fee together with an additional amount equal to  
23 the annual registration fee and files any other  
24 information or documents that the Secretary of State may  
25 prescribe by rule or order. Any application filed within  
26 30 days following the expiration of the registration shall  
27 be automatically effective as of the time of the earlier  
28 expiration provided that the proper fee has been paid to the  
29 Secretary of State.

30 (Source: P.A. 89-209, eff. 1-1-96.)

31 (815 ILCS 307/10-25)

32 Sec. 10-25. Fees and funds. All fees and funds accruing

1 for the administration of this Act shall be accounted for by  
2 the Secretary of State and shall be deposited with the State  
3 Treasurer who shall deposit them in the Securities Audit and  
4 Enforcement Fund.

5 (a) The Secretary of State shall, by rule or regulation,  
6 impose and collect fees necessary for the administration of  
7 this Act, including but not limited to, fees for the  
8 following purposes:

9 (1) filing an application pursuant to Section 10-10  
10 of this Act;

11 (2) examining an application pursuant to Sections  
12 10-10 and 10-20 of this Act;

13 (3) registering a business broker under Section  
14 10-10 of this Act;

15 (4) renewing registration of a business broker  
16 pursuant to Section 10-20 of this Act;

17 (5) failure to file or file timely any document or  
18 information required under this Act;

19 (6) (Blank);~~i~~

20 (7) acceptance of service of process pursuant to  
21 Section 10-125;

22 (8) issuance of certification pursuant to Section  
23 10-50; and

24 (9) late registration fee pursuant to Section  
25 10-20(c).

26 (b) The Secretary of State may, by rule or regulation,  
27 raise or lower any fee imposed by, and which he or she is  
28 authorized by law to collect under, this Act.

29 (Source: P.A. 90-70, eff. 7-8-97; 91-194, eff. 7-20-99;  
30 91-534, eff. 1-1-00; 91-809, eff. 1-1-01.)

31 (815 ILCS 307/10-40)

32 Sec. 10-40. Denial, suspension or revocation of  
33 registration; orders and hearing.

1 (a) The Secretary of State may deny, suspend or revoke  
2 the registration of a business broker if the business broker:

3 (1) Is insolvent.

4 (2) Has violated any provision of this Act.

5 (3) Has filed with the Secretary of State any  
6 document or statement containing any false representation  
7 of a material fact or omitting to state a material fact.

8 (4) Has been convicted, within 10 years before the  
9 date of the application, renewal or review, of any crime  
10 involving fraud or deceit.

11 (5) Has been found by any court or agency, within  
12 10 years before the date of the application, renewal, or  
13 review, to have engaged in any activity involving fraud  
14 or deceit.

15 (b) The Secretary of State may not enter a final order  
16 denying, suspending, or revoking the registration of a  
17 business broker without prior notice to all interested  
18 parties, opportunity for a hearing and written findings of  
19 fact and conclusions of law. The Secretary of State may by  
20 summary order deny, suspend, or revoke a registration pending  
21 final determination of any proceeding under this Section.  
22 Upon the entry of a summary order, the Secretary of State  
23 shall promptly notify all interested parties that it has been  
24 entered, of the reasons for the summary order and, that upon  
25 receipt by the Secretary of State of a written request from a  
26 party, the matter will be set for hearing which shall be  
27 conducted in accordance with the provisions of the Illinois  
28 Administrative Procedure Act. If no hearing is requested  
29 within 30 days of the date of entry of the order and none is  
30 ordered by the Secretary of State, the respondent's failure  
31 to request a hearing shall constitute an admission of any  
32 facts alleged therein and shall constitute a sufficient basis  
33 to make the order final and it shall remain remains in effect  
34 until it is modified or vacated by the Secretary of State.

1 If a hearing is requested or ordered, the Secretary of State,  
 2 after notice of the hearing has been given to all interested  
 3 persons and the hearing has been held, may modify or vacate  
 4 the order or extend it until final determination.

5 (Source: P.A. 89-209, eff. 1-1-96; 90-70, eff. 7-8-97.)

6 (815 ILCS 307/10-45)

7 Sec. 10-45. Powers of Secretary of State; privilege  
 8 against self-incrimination; admissibility into evidence.

9 (a) The Secretary of State may do the following:

10 (1) Adopt rules and regulations to implement this  
 11 Act.

12 (2) Conduct investigations and examinations:

13 (A) In connection with any application for  
 14 registration of any business broker or any  
 15 registration already granted; or

16 (B) Whenever it appears to the Secretary of  
 17 State, upon the basis of a complaint or information,  
 18 that reasonable grounds exist for the belief that an  
 19 investigation or examination is necessary or  
 20 advisable for the more complete protection of the  
 21 interests of the public.

22 (3) Charge as costs of investigation or examination  
 23 all reasonable expenses, including a per diem prorated  
 24 upon the salary of any employee and actual traveling and  
 25 hotel expenses. All reasonable expenses are to be paid  
 26 by the party or parties under investigation or  
 27 examination.

28 (4) Issue notices and orders, including cease and  
 29 desist notices and orders, after making an investigation  
 30 or examination under paragraph (2) of subsection (a) of  
 31 this Section. The Secretary of State may also bring an  
 32 action to prohibit a person from violating this Act. The  
 33 Secretary of State shall notify the person that an order

1 or notice has been issued, the reasons for it and that a  
2 hearing will be set in accordance with the provisions of  
3 the Illinois Administrative Procedure Act after the  
4 Secretary of State receives a written request from the  
5 person requesting a hearing.

6 (5) Sign all orders, official certifications,  
7 documents or papers issued under this Act or delegate the  
8 authority to sign any of those items to his or her  
9 designee.

10 (6) Hold and conduct hearings.

11 (7) Hear evidence.

12 (8) Conduct inquiries with or without hearings.

13 (9) Receive reports of investigators or other  
14 officers or employees of the State of Illinois or any  
15 municipal corporation or governmental subdivision within  
16 the State.

17 (10) (Blank). ~~Administer oaths or cause them to be~~  
18 ~~administered.~~

19 (11) (Blank). ~~Subpoena witnesses and compel them to~~  
20 ~~attend and testify.~~

21 (12) (Blank). ~~Compel the production of books,~~  
22 ~~records and other documents.~~

23 (13) Order depositions to be taken of any witness  
24 residing within or without the State. The depositions  
25 shall be taken in the manner prescribed by law for  
26 depositions in civil actions and made returnable to the  
27 Secretary of State.

28 (14) For the purposes of all investigations,  
29 audits, examinations, or inspections which in the opinion  
30 of the Secretary of State are necessary and proper for  
31 the enforcement of this Act, the Secretary of State or a  
32 person designated by him or her is empowered to  
33 administer oaths and affirmations, subpoena witnesses,  
34 take evidence, and require by subpoena or other lawful

1       means provided by this law or such rules and regulations  
2       adopted by the Secretary of State the production of any  
3       books and records, papers, or other documents that the  
4       Secretary of State or a person designated by him or her  
5       deems relevant or material to the injury.

6       (b) If any person refuses to obey a subpoena issued  
7       under this Act, the Secretary of State may make application  
8       to any court of competent jurisdiction to order the person to  
9       appear before the Secretary of State and produce documentary  
10      evidence or give evidence as directed in the subpoena. The  
11      failure to obey the order of the court shall be subject to  
12      punishment by the court as contempt of court.

13      (c) No person shall be excused from complying with a  
14      subpoena on the ground that the testimony or evidence  
15      required may tend to incriminate the person or subject the  
16      person to a penalty or forfeiture. No individual may be  
17      prosecuted or subject to any penalty or forfeiture for or on  
18      account of any transaction, matter or thing which the  
19      individual is compelled to testify or produce evidence, after  
20      claiming the privilege against self-incrimination. However,  
21      the individual so testifying shall not be exempt from  
22      prosecution and punishment for perjury committed in so  
23      testifying.

24      (d) In any prosecution, action, suit or proceeding based  
25      upon or arising out of this Act, the Secretary of State may  
26      sign a certificate showing compliance or non-compliance with  
27      this Act by any business broker. This shall constitute prima  
28      facie evidence of compliance or non-compliance with this Act  
29      and shall be admissible in evidence in any court to enforce  
30      this Act.

31      (e) Whenever it shall appear to the Secretary of State  
32      that any person is engaged or about to engage in any acts or  
33      practices which constitute or will constitute a violation of  
34      this Act, or of any rule or regulation prescribed under



1 authority of this Act, the Secretary of State may at his or  
2 her discretion, through the Attorney General:

3 (1) File a complaint and apply for a temporary  
4 restraining order without notice, and upon a proper  
5 showing the court may enter a temporary restraining order  
6 without a bond, to enforce this Act.

7 (2) File a complaint and apply for a preliminary or  
8 permanent injunction, and, after notice and hearing and  
9 upon a proper showing, the court may grant a preliminary  
10 or permanent injunction and may order the defendant to  
11 make an offer of rescission with respect to any contract  
12 for business brokerage services determined by the court  
13 to be unlawful under this Act.

14 (f) The court shall further have jurisdiction and  
15 authority, in addition to the penalties and other remedies in  
16 this Act provided, to enter an order for the appointment of  
17 the court or a person as a receiver, conservator, ancillary  
18 receiver or ancillary conservator for the defendant or the  
19 defendant's assets located in this State, or to require  
20 restitution or damages on behalf of the person or persons  
21 injured by the act or practice constituting the subject  
22 matter of the action, and may assess costs against the  
23 defendant for the use of the State.

24 (g) No provision of this Act imposing liability shall  
25 apply to any act done or omitted in good faith in conformity  
26 with any rule of the Secretary of State under this Act,  
27 notwithstanding that such rule may, after such act or  
28 omission, be amended or rescinded or be determined by  
29 judicial or other authority to be invalid for any reason.

30 (Source: P.A. 89-209, eff. 1-1-96; 90-70, eff. 7-8-97.)

31 (815 ILCS 307/10-50)

32 Sec. 10-50. Certified copies of documents or records  
33 admissible in actions or proceedings under this Act.

1       (a) Copies of any statement or document filed with the  
 2 Secretary of State, and copies of any records of the  
 3 Secretary of State, certified to by the Secretary of State  
 4 are admissible in any prosecution, action, suit or proceeding  
 5 based upon, or arising out of or under, the provisions of  
 6 this Act to the same effect as the original of the statement,  
 7 document or record would be if actually produced.

8       (b) In any action, administrative, civil, or criminal, a  
 9 certificate under the seal of the State of Illinois, signed  
 10 by the Secretary of State, attesting to the filing of or the  
 11 absence of any filing of any document or record with the  
 12 Secretary of State under this Act, shall constitute prima  
 13 facie evidence of such filing or of the absence of the  
 14 filing, and shall be admissible in evidence in any  
 15 administrative, criminal, or civil action.

16       (c) Any certificate pursuant to subsection (a) or (b) of  
 17 this Section shall be furnished by the Secretary of State  
 18 upon an application therefor in the form and manner  
 19 prescribed by the Secretary of State by rule, and shall be  
 20 accompanied by payment of a non-refundable certification fee  
 21 in the amount specified by rule or by order of the Secretary  
 22 of State.

23 (Source: P.A. 89-209, eff. 1-1-96.)

24 (815 ILCS 307/10-55)

25 Sec. 10-55. Violations; administrative fines;  
 26 enforcement.

27 (a) If the Secretary of State determines, after notice  
 28 and opportunity for a hearing, that a person has violated  
 29 this Act, the Secretary of State may in addition to all other  
 30 remedies, impose an administrative fine upon the person in an  
 31 amount not to exceed \$10,000 for each violation.

32 (b) The Secretary of State may bring an action in the  
 33 circuit court of Sangamon or Cook county to enforce payment

1 of fines imposed under this Section.

2 (c) If the Secretary of State shall find that any person  
3 has violated any provision of this Act, the Secretary of  
4 State may, by written order temporarily or permanently  
5 prohibit or suspend such person from acting as a business  
6 broker.

7 (d) If the Secretary of State shall find, after notice  
8 and opportunity for hearing, that any person is acting or has  
9 acted as a business broker as defined in Section 10-5.10 of  
10 this Act, without prior thereto or at the time thereof having  
11 complied with the registration requirements of this Act, the  
12 Secretary of State may by written order prohibit or suspend  
13 such person from acting as a business broker in this State.

14 (e) Anything herein contained to the contrary  
15 notwithstanding, the Secretary of State may temporarily  
16 prohibit or suspend, for a maximum period of 90 days, by an  
17 order effective immediately, the registration of a business  
18 broker or the business of providing business brokerage  
19 services, without notice and prior hearing, if the Secretary  
20 of State shall in his or her opinion, based upon credible  
21 evidence, deem it necessary to prevent an imminent violation  
22 of this Act or to prevent losses to clients which the  
23 Secretary of State reasonably believes will occur as a result  
24 of a prior violation of this Act. Immediately after taking  
25 action without such notice and hearing, the Secretary of  
26 State shall deliver a copy of the temporary order to the  
27 respondent named therein by personal service or registered  
28 mail or certified mail, return receipt requested. The  
29 temporary order shall set forth the grounds for the action  
30 and shall advise that the respondent may request a hearing as  
31 ~~seen-as--reasonably--practicable,~~ that the request for a  
32 hearing will not stop the effectiveness of the temporary  
33 order and that respondent's failure to request a hearing  
34 within 30 days after the date of the entry of the temporary

1 order, shall constitute an admission of any facts alleged  
2 therein and shall make the temporary order final. A business  
3 broker whose registration has been suspended pursuant to this  
4 Section may request the Secretary of State permission to  
5 continue to receive payment for any executory contracts at  
6 the time of any suspension and to continue to perform its  
7 obligation thereunder. The decision to grant or deny  
8 permission to receive payment for any executory contracts or  
9 perform any obligation thereunder shall be at the sole  
10 discretion of the Secretary of State and shall not be subject  
11 to review under the Administrative Review Law.

12 (f) The Secretary of State may issue a temporary order  
13 suspending or delaying the effectiveness of any registration  
14 of a business broker under this Act subsequent to and upon  
15 the basis of the issuance of any stop, suspension or similar  
16 order by any agency of the United States regulating business  
17 brokers or any state or federal courts with respect to the  
18 person who is the subject of the registration under this Act,  
19 and such order shall become effective as of the date and time  
20 of effectiveness of the agency or court order and shall be  
21 vacated automatically at such time as the order of the agency  
22 or court order is no longer in effect.

23 (Source: P.A. 89-209, eff. 1-1-96; 90-70, eff. 7-8-97.)

24 (815 ILCS 307/10-85)

25 Sec. 10-85. Fraudulent and prohibited acts.

26 (a) A business broker shall not, in connection with a  
27 contract for the services of a business broker, either  
28 directly or indirectly, do any of the following:

29 (1) Employ any device, scheme or artifice to  
30 defraud.

31 (2) Make any untrue statements of a material fact  
32 or omit to state a material fact necessary in order to  
33 make the statements made, in the light of circumstances

1 under which they are made, not misleading, unless the  
2 statement is made in reasonable reliance on information  
3 provided by the client.

4 (3) Engage in any act, practice or course of  
5 business that operates or would operate as a fraud or  
6 deceit upon any person.

7 (b) A business broker shall not either directly or  
8 indirectly do the following:

9 (1) Engage in the business of acting as a business  
10 broker without registration under this Act unless exempt  
11 under the Act.

12 (2) Fail to file with the Secretary of State any  
13 application, report, document, or answer required to be  
14 filed under the provisions of this Act or any rule made  
15 by the Secretary of State pursuant to this Act or fail to  
16 comply with the terms of any order issued pursuant to  
17 this Act or rule or made by the Secretary of State.

18 (3) Fail to maintain any records as required under  
19 the provisions of this Act or any rule made by Secretary  
20 of State pursuant to this Act.

21 (Source: P.A. 89-209, eff. 1-1-96; 90-70, eff. 7-8-97.)

22 (815 ILCS 307/10-125 new)

23 Sec. 10-125. Service of process.

24 (a) Any person acting as a business broker, unless  
25 exempt from registration under this Act, shall constitute an  
26 appointment of the Secretary of State, or his or her  
27 successors in Office, by the person to be the true and  
28 lawful attorney for the person upon whom may be served all  
29 lawful process in any action or proceeding against the  
30 person, arising out of his or her activities as a business  
31 broker.

32 (b) Service of process under this Section shall be made  
33 by serving a copy upon the Secretary of State or any employee

1 in his or her Office designated by the Secretary of State to  
 2 accept such service for him or her, provided notice of such  
 3 and a copy of the process are, within 10 days of receipt,  
 4 sent by registered mail or certified mail, return receipt  
 5 requested, by the plaintiff to the defendant, at the last  
 6 known address of the defendant. The filing fee for service  
 7 of process under this Section is non-refundable and is the  
 8 amount established in Section 10-25 of this Act. The  
 9 Secretary of State shall keep a record of all such processes  
 10 that shall show the day of the service.

11 Section 20. The Business Opportunity Sales Law of 1995  
 12 is amended by changing Sections 5-5.05, 5-5.10, 5-5.15,  
 13 5-5.30, 5-20, 5-30, 5-35, 5-60, 5-65, 5-95, and by adding  
 14 Section 5-145 as follows:

15 (815 ILCS 602/5-5.05)

16 Sec. 5-5.05. Advertising. "Advertising" means any  
 17 circular, prospectus, advertisement or other material or any  
 18 electronic communication including, but not limited to, by  
 19 radio, television, pictures or similar means used in  
 20 connection with an offer or sale of any business opportunity.  
 21 (Source: P.A. 89-209, eff. 1-1-96.)

22 (815 ILCS 602/5-5.10)

23 Sec. 5-5.10. Business opportunity.

24 (a) "Business opportunity" means a contract or  
 25 agreement, between a seller and purchaser, express or  
 26 implied, orally or in writing, wherein it is agreed that the  
 27 seller or a person recommended by the seller shall provide to  
 28 the purchaser any product, equipment, supplies or services  
 29 enabling the purchaser to start a business when the purchaser  
 30 is required to make a payment to the seller or a person  
 31 recommended by the seller and the seller represents directly

1 or indirectly, orally or in writing, any of the following,  
2 that:

3 (1) the seller or a person recommended by the  
4 seller will provide or assist the purchaser in finding  
5 locations for the use or operation of vending machines,  
6 racks, display cases or other similar devices, on  
7 premises neither owned nor leased by the purchaser or  
8 seller;

9 (2) the seller or a person recommended by the  
10 seller will provide or assist the purchaser in finding  
11 outlets or accounts for the purchaser's products or  
12 services;

13 (3) the seller or a person specified by the seller  
14 will purchase any or all products made, produced,  
15 fabricated, grown, bred or modified by the purchaser;

16 (4) the seller guarantees that the purchaser will  
17 derive income from the business which exceeds the price  
18 paid to the seller;

19 (5) the seller will refund all or part of the price  
20 paid to the seller, or repurchase any of the products,  
21 equipment or supplies provided by the seller or a person  
22 recommended by the seller, if the purchaser is  
23 dissatisfied with the business; or

24 (6) the seller will provide a marketing plan,  
25 provided that this Law shall not apply to the sale of a  
26 marketing plan made in conjunction with the licensing of  
27 a federally registered trademark or federally registered  
28 service mark.

29 (b) "Business opportunity" does not include:

30 (1) any offer or sale of an ongoing business  
31 operated by the seller and to be sold in its entirety;

32 (2) any offer or sale of a business opportunity to  
33 an ongoing business where the seller will provide  
34 products, equipment, supplies or services which are

1 substantially similar to the products, equipment,  
2 supplies or services sold by the purchaser in connection  
3 with the purchaser's ongoing business;

4 (3) any offer or sale of a business opportunity  
5 which is a franchise as defined by the Franchise  
6 Disclosure Act of 1987;

7 (4) any offer or sale of a business opportunity  
8 which is registered pursuant to the Illinois Securities  
9 Law of 1953;

10 (5) (blank);

11 (6) any offer or sale of a business opportunity by  
12 an executor, administrator, sheriff, marshal, receiver,  
13 trustee in bankruptcy, guardian or conservator or a  
14 judicial offer or sale, of a business opportunity; or

15 (7) cash payments made by a purchaser not exceeding  
16 \$500 and the payment is made for the not-for-profit sale  
17 of sales demonstration equipment, material or samples, or  
18 the payment is made for product inventory sold to the  
19 purchaser at a bona fide wholesale price.

20 (Source: P.A. 90-70, eff. 7-8-97; 91-357, eff. 7-29-99;  
21 91-809, eff. 1-1-01.)

22 (815 ILCS 602/5-5.15)

23 Sec. 5-5.15. Marketing plan. "Marketing plan" means  
24 advice or training, provided to the purchaser by the seller  
25 or a person recommended by the seller, pertaining  
26 specifically to the sale of any enterprise, product,  
27 equipment, supplies or services and the advice or training  
28 includes, without limitation ~~but-is-not-limited-to~~, preparing  
29 or providing:

30 (1) Promotional literature, brochures, pamphlets, or  
31 advertising materials;

32 (2) Training, regarding the promotion, operation or  
33 management of the business opportunity; or



1           (3) Operational, managerial, ~~technical~~ or financial  
2 guidelines or assistance or continuing technical support.

3 (Source: P.A. 89-209, eff. 1-1-96.)

4           (815 ILCS 602/5-5.30)

5           Sec. 5-5.30. Person. "Person" means an individual,  
6 corporation, trust, partnership, a joint stock company,  
7 limited liability partnership, limited liability company,  
8 incorporated or unincorporated association or any other  
9 entity.

10 (Source: P.A. 89-209, eff. 1-1-96.)

11           (815 ILCS 602/5-20)

12           Sec. 5-20. Burden of proof and evidentiary matters.

13           (a) In any administrative, civil, or criminal proceeding  
14 related to this Law, the burden of proving an exemption, an  
15 exception from a definition or an exclusion from this Law is  
16 upon the person claiming it.

17           (b) In any action, administrative, civil, or criminal, a  
18 certificate under the seal of the State of Illinois, signed  
19 by the Secretary of State, attesting to the filing of or the  
20 absence of any filing of any document or record with the  
21 Secretary of State under this Act, shall constitute prima  
22 facie evidence of such filing or of the absence of the  
23 filing, and shall be admissible in evidence in any  
24 administrative, criminal, or civil action.

25           (c) In any administrative, civil, or criminal action,  
26 the Secretary of State may issue a certificate under the  
27 seal of the State of Illinois, signed by the Secretary of  
28 State, showing that any document or record is a true and  
29 exact copy, photocopy or otherwise, of the record or document  
30 on file with the Secretary of State under this Act; and such  
31 certified document or record shall be admissible in evidence  
32 with the same effect as the original document or record would

1 have if actually produced.

2 (d) Any certificate pursuant to subsection (b) or (c) of  
3 this Section shall be furnished by the Secretary of State  
4 upon an application therefor in the form and manner  
5 prescribed by the Secretary of State by rule, and shall be  
6 accompanied by payment of a non-refundable certification fee  
7 in the amount specified by rule or by order of the Secretary  
8 of State.

9 (Source: P.A. 89-209, eff. 1-1-96.)

10 (815 ILCS 602/5-30)

11 Sec. 5-30. Registration.

12 (a) In order to register a business opportunity, the  
13 seller shall file with the Secretary of State one of the  
14 following disclosure documents with the appropriate cover  
15 sheet as required by subsection (b) of Section 5-35 of this  
16 Law, a consent to service of process as specified in  
17 subsection (b) of this Section, and the appropriate fee as  
18 required by subsection (c) of this Section which is not  
19 returnable in any event:

20 (1) The Franchise Offering Circular which the  
21 Secretary of State may prescribe by rule or regulation;  
22 or

23 (2) A disclosure document prepared pursuant to the  
24 Federal Trade Commission rule entitled Disclosure  
25 Requirements and Prohibitions Concerning Franchising and  
26 Business Opportunity Venture, 16 C.F.R. Sec. 436 (1979).  
27 The Secretary of State may by rule or regulation adopt  
28 any amendment to the disclosure document prepared  
29 pursuant to 16 C.F.R. Sec. 436 (1979), that has been  
30 adopted by the Federal Trade Commission; or

31 (3) A disclosure document prepared pursuant to  
32 subsection (b) of Section 5-35 of this Law.

33 (b) Every seller shall file, in the form as the

1 Secretary of State may prescribe, an irrevocable consent  
 2 appointing the Secretary of State or the successor in office  
 3 to be the seller's attorney to receive service of any lawful  
 4 process in any noncriminal suit, action or proceeding against  
 5 the seller or the seller's successor, executor or  
 6 administrator which arises under this Law after the consent  
 7 has been filed, with the same force and validity as if served  
 8 personally on the person filing the consent. Service may be  
 9 made by delivering a copy of the process in the office of the  
 10 Secretary of State, but is not effective unless the  
 11 plaintiff or petitioner in a suit, action or proceeding,  
 12 forthwith sends notice of the service and a copy of the  
 13 process by registered or certified mail, return receipt  
 14 requested, to the defendant's or respondent's most current  
 15 address on file with the Secretary of State, and the  
 16 plaintiff's affidavit of compliance with this subsection is  
 17 filed in the case on or before the return date of the  
 18 process, if any, or within such further time as the court  
 19 allows.

20 (c)(1) The Secretary of State shall by rule or  
 21 regulation impose and shall collect fees necessary for  
 22 the administration of this Law including, but not limited  
 23 to, fees for the following purposes:

24 (A) filing a disclosure document and renewal  
 25 fee;

26 (B) interpretive opinion fee;

27 (C) acceptance of service of process pursuant  
 28 to subsection (b) of Section 5-145;

29 (D) issuance of certification pursuant to  
 30 Section 5-20; or

31 (E) late registration fee pursuant to Section  
 32 5-30(g).

33 (2) The Secretary of State may, by rule or  
 34 regulation, raise or lower any fee imposed by, and which

1 he or she is authorized by law to collect under this Law.

2 (d) A registration automatically becomes effective upon  
3 the expiration of the 10th full business day after a complete  
4 filing, provided that no order has been issued or proceeding  
5 pending under Section 5-45 of this Law. The Secretary of  
6 State may by order waive or reduce the time period prior to  
7 effectiveness, provided that a complete filing has been made.  
8 The Secretary of State may by order defer the effective date  
9 until the expiration of the 10th full business day after the  
10 filing of any amendment.

11 (e) The registration is effective for one year  
12 commencing on the date of effectiveness and may be renewed  
13 annually upon the filing of a current disclosure document  
14 accompanied by any documents or information that the  
15 Secretary of State may by rule or regulation or order  
16 require. The annual renewal fee shall be in the same amount  
17 as the initial registration fee as established under  
18 subsection (c) of Section 5-30 of this Law which shall not be  
19 returnable in any event. Failure to renew upon the close of  
20 the one year period of effectiveness will result in  
21 expiration of the registration. The Secretary of State may by  
22 rule or regulation or order require the filing of a sales  
23 report.

24 (f) The Secretary of State may by rule or regulation or  
25 order require the filing of all proposed literature or  
26 advertising prior to its use.

27 (g) Notwithstanding the foregoing, applications for  
28 renewal of registration of business opportunities may be  
29 filed within 30 days following the expiration of the  
30 registration provided that the applicant pays the annual  
31 registration fee together with an additional amount equal to  
32 the annual registration fee and files any other information  
33 or documents that the Secretary of State may prescribe by  
34 rule or order. Any application filed within 30 days

1 following the expiration of the registration shall be  
 2 automatically effective as of the time of the earlier  
 3 expiration provided that the proper fee has been paid to the  
 4 Secretary of State.

5 (Source: P.A. 89-209, eff. 1-1-96.)

6 (815 ILCS 602/5-35)

7 Sec. 5-35. Disclosure requirements.

8 (a) It shall be unlawful for any person to offer or,  
 9 sell any business opportunity required to be registered under  
 10 this Law unless a written disclosure document as filed under  
 11 subsection (a) of Section 5-30 of this Law is delivered to  
 12 each purchaser at least 10 business days prior to the  
 13 execution by a purchaser of any contract or agreement  
 14 imposing a binding legal obligation on the purchaser or the  
 15 payment by a purchaser of any consideration in connection  
 16 with the offer or sale of the business opportunity.

17 (b) The disclosure document shall have a cover sheet  
 18 which is entitled, in at least 10-point bold type,  
 19 "DISCLOSURE REQUIRED BY THE STATE OF ILLINOIS." Under the  
 20 title shall appear the statement in at least 10-point bold  
 21 type that "THE REGISTRATION OF THIS BUSINESS OPPORTUNITY DOES  
 22 NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE  
 23 STATE OF ILLINOIS. THE INFORMATION CONTAINED IN THIS  
 24 DISCLOSURE DOCUMENT HAS NOT BEEN VERIFIED BY THIS STATE. IF  
 25 YOU HAVE ANY QUESTIONS OR CONCERNS ABOUT THIS INVESTMENT,  
 26 SEEK PROFESSIONAL ADVICE BEFORE YOU SIGN A CONTRACT OR MAKE  
 27 ANY PAYMENT. YOU ARE TO BE PROVIDED 10 BUSINESS DAYS TO  
 28 REVIEW THIS DOCUMENT BEFORE SIGNING ANY CONTRACT OR AGREEMENT  
 29 OR MAKING ANY PAYMENT TO THE SELLER OR THE SELLER'S  
 30 REPRESENTATIVE". The seller's name and principal business  
 31 address, along with the date of the disclosure document shall  
 32 also be provided on the cover sheet. No other information  
 33 shall appear on the cover sheet. The disclosure document

1 shall contain the following information unless the seller  
2 uses a disclosure document as provided in paragraph (1) or  
3 (2) of subsection (a) of Section 5-30 of this Law:

4 (1) The names and residential addresses of those  
5 salespersons who will engage in the offer or sale of the  
6 business opportunity in this State.

7 (2) The name of the seller, whether the seller is  
8 doing business as an individual, partnership or  
9 corporation; the names under which the seller has  
10 conducted, is conducting or intends to conduct business;  
11 and the name of any parent or affiliated company that  
12 will engage in business transactions with purchasers or  
13 which will take responsibility for statements made by the  
14 seller.

15 (3) The names, addresses and titles of the seller's  
16 officers, directors, trustees, general managers,  
17 principal executives, agents, and any other persons  
18 charged with responsibility for the seller's business  
19 activities relating to the sale of the business  
20 opportunity.

21 (4) Prior business experience of the seller  
22 relating to business opportunities including:

23 (A) The name, address, and a description of  
24 any business opportunity previously offered by the  
25 seller;

26 (B) The length of time the seller has offered  
27 each such business opportunity; and

28 (C) The length of time the seller has  
29 conducted the business opportunity currently being  
30 offered to the purchaser.

31 (5) With respect to persons identified in item (3)  
32 of this subsection:

33 (A) A description of the persons' business  
34 experience for the 10 year period preceding the

1 filing date of this disclosure document. The  
2 description of business experience shall list  
3 principal occupations and employers; and

4 (B) A listing of the persons' educational and  
5 professional backgrounds including, the names of  
6 schools attended and degrees received, and any other  
7 information that will demonstrate sufficient  
8 knowledge and experience to perform the services  
9 proposed.

10 (6) Whether the seller or any person identified in  
11 item (3) of this subsection:

12 (A) Has been convicted of any felony, or  
13 pleaded nolo contendere to a felony charge, or has  
14 been the subject of any criminal, civil or  
15 administrative proceedings alleging the violation of  
16 any business opportunity law, securities law,  
17 commodities law, franchise law, fraud or deceit,  
18 embezzlement, fraudulent conversion, restraint of  
19 trade, unfair or deceptive practices,  
20 misappropriation of property or comparable  
21 allegations;

22 (B) Has filed in bankruptcy, been adjudged  
23 bankrupt, been reorganized due to insolvency, or was  
24 an owner, principal officer or general partner or  
25 any other person that has so filed or was so  
26 adjudged or reorganized during or within the last 7  
27 years.

28 (7) The name of the person identified in item (6)  
29 of this subsection, nature of and parties to the action  
30 or proceeding, court or other forum, date of the  
31 institution of the action, docket references to the  
32 action, current status of the action or proceeding, terms  
33 and conditions or any order or decree, the penalties or  
34 damages assessed and terms of settlement.

1           (8) The initial payment required, or when the exact  
2 amount cannot be determined, a detailed estimate of the  
3 amount of the initial payment to be made to the seller.

4           (9) A detailed description of the actual services  
5 the seller agrees to perform for the purchaser.

6           (10) A detailed description of any training the  
7 seller agrees to provide for the purchaser.

8           (11) A detailed description of services the seller  
9 agrees to perform in connection with the placement of  
10 equipment, products or supplies at a location, as well as  
11 any agreement necessary in order to locate or operate  
12 equipment, products or supplies on a premises neither  
13 owned nor leased by the purchaser or seller.

14           (12) A detailed description of any license or  
15 permit that will be necessary in order for the purchaser  
16 to engage in or operate the business opportunity.

17           (13) The business opportunity seller that is  
18 required to secure a bond under Section 5-50 of this Law,  
19 shall state in the disclosure document "As required by  
20 the State of Illinois, the seller has secured a bond  
21 issued by (insert name and address of surety company), a  
22 surety company, authorized to do business in this State.  
23 Before signing a contract or agreement to purchase this  
24 business opportunity, you should check with the surety  
25 company to determine the bond's current status."

26           (14) Any representations made by the seller to the  
27 purchaser concerning sales or earnings that may be made  
28 from this business opportunity, including, but not  
29 limited to:

30           (A) The bases or assumptions for any actual,  
31 average, projected or forecasted sales, profits,  
32 income or earnings;

33           (B) The total number of purchasers who, within  
34 a period of 3 years of the date of the disclosure



1 document, purchased a business opportunity involving  
2 the product, equipment, supplies or services being  
3 offered to the purchaser; and

4 (C) The total number of purchasers who, within  
5 3 years of the date of the disclosure document,  
6 purchased a business opportunity involving the  
7 product, equipment, supplies or services being  
8 offered to the purchaser who, to the seller's  
9 knowledge, have actually received earnings in the  
10 amount or range specified.

11 (15) Any seller who makes a guarantee to a  
12 purchaser shall give a detailed description of the  
13 elements of the guarantee. Such description shall  
14 include, but shall not be limited to, the duration,  
15 terms, scope, conditions and limitations of the  
16 guarantee.

17 (16) A statement of:

18 (A) The total number of business opportunities  
19 that are the same or similar in nature to those that  
20 have been sold or organized by the seller;

21 (B) The names and addresses of purchasers who  
22 have requested a refund or rescission from the  
23 seller within the last 12 months and the number of  
24 those who have received the refund or rescission;  
25 and

26 (C) The total number of business opportunities  
27 the seller intends to sell in this State within the  
28 next 12 months.

29 (17) A statement describing any contractual  
30 restrictions, prohibitions or limitations on the  
31 purchaser's conduct. Attach a copy of all business  
32 opportunity and other contracts or agreements proposed  
33 for use or in use in this State including, without  
34 limitation, all lease agreements, option agreements, and

1 purchase agreements.

2 (18) The rights and obligations of the seller and  
3 the purchaser regarding termination of the business  
4 opportunity contract or agreement.

5 (19) A statement accurately describing the grounds  
6 upon which the purchaser may initiate legal action to  
7 terminate the business opportunity contract or agreement.

8 (20) A copy of the most recent audited financial  
9 statement of the seller, prepared within 13 months of the  
10 first offer in this State, together with a statement of  
11 any material changes in the financial condition of the  
12 seller from that date. The Secretary of State may accept  
13 the filing of a reviewed financial statement in lieu of  
14 an audited financial statement ~~allow-the-seller-to-submit~~  
15 ~~a-limited-review-in-order-to-satisfy-the-requirements--of~~  
16 ~~this-subsection.~~

17 (21) A list of the states in which this business  
18 opportunity is registered.

19 (22) A list of the states in which this disclosure  
20 document is on file.

21 (23) A list of the states which have denied,  
22 suspended or revoked the registration of this business  
23 opportunity.

24 (24) A section entitled "Risk Factors" containing a  
25 series of short concise statements summarizing the  
26 principal factors which make this business opportunity a  
27 high risk or one of a speculative nature. Each statement  
28 shall include a cross-reference to the page on which  
29 further information regarding that risk factor can be  
30 found in the disclosure document.

31 (25) Any additional information as the Secretary of  
32 State may require by rule, regulation, or order.

33 (Source: P.A. 89-209, eff. 1-1-96; 90-70, eff. 7-8-97.)

1 (815 ILCS 602/5-60)

2 Sec. 5-60. Investigations and subpoenas.

3 (a) The Secretary of State:

4 (1) may make such public or private investigations  
5 within or outside of this State as the Secretary of State  
6 deems necessary to determine whether any person has  
7 violated or is about to violate any provision of this Law  
8 or any rule, regulation, or order under this Law, or to  
9 aid in the enforcement of this Law or in the prescribing  
10 of rules and forms under this Law;

11 (2) may require or permit any person to file a  
12 statement, under oath or otherwise as the Secretary of  
13 State determines, as to all the facts and circumstances  
14 concerning the matter to be investigated; and

15 (3) may publish information concerning any  
16 violation of this Law or any rule, regulation, or order  
17 under this Law.

18 (b) For the purpose of any investigation or proceeding  
19 under this Law, the Secretary of State or his or her designee  
20 may administer oaths and affirmations, subpoena witnesses,  
21 compel their attendance, take evidence and require, by  
22 subpoena or other lawful means provided by this Act or the  
23 rules adopted by the Secretary of State, the production of  
24 any books, papers, correspondence, memoranda, agreements, or  
25 other documents or records which the Secretary of State deems  
26 relevant or material to the inquiry.

27 (c) In case of contumacy by, or refusal to obey a  
28 subpoena issued to any person, through the Office of the  
29 Attorney General may bring an appropriate action in any  
30 circuit court of the State of Illinois for the purpose of  
31 enforcing the subpoena.

32 (d) It shall be a violation of the provisions of this  
33 Law for any person to fail to file with the Secretary of  
34 State any report, document, or statement required to be filed

1 under the provisions of this Section or to fail to comply  
2 with the terms of any order of the Secretary of State issued  
3 pursuant to this Law.

4 (Source: P.A. 89-209, eff. 1-1-96; 90-70, eff. 7-8-97.)

5 (815 ILCS 602/5-65)

6 Sec. 5-65. Remedies. Whenever it appears to the Secretary  
7 of State that any person has engaged in or is about to engage  
8 in any act or practice constituting a violation of any  
9 provision of this Law or any rule, regulation, or order under  
10 this Law, the Secretary of State may:

11 (1) Issue an order, anything contained in this Law  
12 to the contrary notwithstanding, directing the person to  
13 cease and desist from continuing the act or practice. Any  
14 person named in a cease and desist order issued by the  
15 Secretary of State may, within 30 days after the date of  
16 the entry of the order, file a written request for a  
17 hearing with the Secretary of State. If the Secretary of  
18 State does not receive a written request for a hearing  
19 within the time specified, the cease and desist order  
20 will be permanent and the person named in the order will  
21 be deemed to have waived all rights to a hearing. If a  
22 hearing is requested, the order will remain in force  
23 until it is modified, vacated, rescinded or expunged by  
24 the Secretary of State.

25 (1.5) Prohibit or suspend the offer or sale of any  
26 business opportunity, prohibit or suspend any person  
27 from offering or selling any business opportunities,  
28 impose any fine for violation of this Law, issue an order  
29 of public censure, or enter into an agreed settlement or  
30 stipulation. No such order may be entered without  
31 appropriate prior notice to all interested parties,  
32 opportunity for hearing, and written findings of fact and  
33 conclusions of law.

1           (2) Bring an action in the circuit court of any  
2 county to enjoin the acts or practices and to enforce  
3 compliance with this Law or any rule, regulation, or  
4 order under this Law. Upon a proper showing a permanent  
5 or temporary injunction, restraining order, or writ of  
6 mandamus shall be granted and a receiver or conservator  
7 may be appointed for the defendant or the defendant's  
8 assets or the court may order rescission, which shall  
9 include restitution plus the legal interest rate, for any  
10 sales of business opportunities determined to be unlawful  
11 under this Law or any rule, regulation, or order under  
12 this Law. The court shall not require the Secretary of  
13 State to post a bond.

14           (3) The Secretary of State may refer such evidence  
15 as may be available concerning violations of this Law or  
16 any rule, regulation, or order under this Law to the  
17 Attorney General or the appropriate State's Attorney, who  
18 may, with or without such a reference, institute the  
19 appropriate proceedings under this Section.

20           (4) In addition to any other sanction or remedy  
21 contained in this Section, the Secretary of State, after  
22 finding that any provision of this Law has been violated,  
23 may impose a fine as provided by rule or order against  
24 the violator not to exceed \$10,000 per violation, and  
25 may issue an order of public censure against the  
26 violator, and charge as costs of the investigation all  
27 reasonable expenses, including attorney's fees and  
28 witness fees.

29           (5) Notwithstanding the foregoing, the Secretary of  
30 State, after notice and opportunity for hearing, may at  
31 his or her discretion enter into an agreed settlement,  
32 stipulation, or consent order with a respondent in  
33 accordance with the provisions of the Illinois  
34 Administrative Procedure Act. The provisions of the

1       agreed settlement, stipulation, or consent order shall  
2       have the full force and effect of an order issued by the  
3       Secretary of State.

4           (6) The action of the Secretary of State in  
5       denying, suspending, or revoking the registration of a  
6       business opportunity, in prohibiting or suspending a  
7       person from offering or selling business opportunities,  
8       in prohibiting or suspending the offer or sale of  
9       business opportunities, in imposing any fine for  
10      violation of this Law, or in issuing any order shall be  
11      subject to judicial review under the Administrative  
12      Review Law which shall apply to and govern every action  
13      for the judicial review of final actions or decisions of  
14      the Secretary of State under this Law.

15      (Source: P.A. 89-209, eff. 1-1-96; 90-70, eff. 7-8-97.)

16           (815 ILCS 602/5-95)

17           Sec. 5-95. Fraudulent and prohibited practices.

18           (a) It is unlawful for any person, in connection with  
19      the offer or sale of any business opportunity in this State  
20      or any offer or sale pursuant to the exemptions granted under  
21      subdivisions 5-10(a), (c), (d), or (h), directly or  
22      indirectly:

23           (1) To employ any device, scheme or artifice to  
24      defraud;

25           (2) To make any untrue statement of a material fact  
26      or to omit to state a material fact necessary in order to  
27      make the statements made, in the light of the  
28      circumstances under which they are made, not misleading;  
29      or

30           (3) To engage in any act, practice or course of  
31      business which operates or would operate as a fraud or  
32      deceit upon any person.

33           (b) No person shall, either directly or indirectly, do

1 any of the following:

2 (1) offer or sell any business opportunity without  
3 registration under this Act unless the person offering or  
4 selling the opportunity is exempt under the Act;

5 (2) fail to file with the Secretary of State any  
6 application, report, document, or answer required to be  
7 filed under the provisions of this Act or any rule made  
8 by the Secretary of State pursuant to this Act or fail to  
9 comply with the terms of any order issued pursuant to  
10 this Act or any rules adopted by the Secretary of State;  
11 or

12 (3) fail to keep or maintain any records as is  
13 required under the provisions of this Act or any rule  
14 adopted by the Secretary of State pursuant to this Act.

15 (Source: P.A. 89-209, eff. 1-1-96; 90-70, eff. 7-8-97.)

16 (815 ILCS 602/5-145 new)

17 Sec. 5-145. Service of process.

18 (a) The offer or sale of business opportunities in this  
19 State by any person, unless exempt from registration under  
20 this Act, shall constitute an appointment of the Secretary of  
21 State, or his or her successors in office, by the person to  
22 be the true and lawful attorney for the person upon whom may  
23 be served all lawful process in any action or proceeding  
24 against the person, arising out of the offer or sale of the  
25 securities.

26 (b) Service of process under this Section shall be made  
27 by serving a copy upon the Secretary of State or any employee  
28 in his or her office designated by the Secretary of State to  
29 accept such service for him or her, provided notice and a  
30 copy of the process are, within 10 days after receiving the  
31 notice and process, sent by registered mail or certified  
32 mail, return receipt requested, by the plaintiff to the  
33 defendant, at the last known address of the defendant. The

1 filing fee for service of process under this Section shall be  
2 as established pursuant to Section 5-30 of this Act, and  
3 shall not be returnable in any event. The Secretary of State  
4 shall keep a record of all processes each of which shall show  
5 the day of the service.



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