

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

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IN THE MATTER OF:   SIEGFRIED INVESTMENT FUND, LLC    )  
                          SUCCESSOR IN INTEREST TO THE    )  
                          SIEGFRIED INVESTMENT PARTNERSHIP,)  
                          BARBAROSSA INVESTMENT PARTNERSHIP)  
                          THEIR OFFICERS, DIRECTORS,       ) FILE NO: 0500061  
                          EMPLOYEES, AGENTS, AFFILIATES,    )  
                          SUCCESSORS, AND ASSIGNS, AND    )  
                          GEORGE S. RIEG VI                    )  
  )

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NOTICE OF HEARING

TO THE RESPONDENTS:   Siegfried Investment Fund, LLC  
                          Successor in interest to the Siegfried  
                          Investment Partnership  
                          Barbarossa Investment Partnership  
                          George S. Rieg VI

C/o John Blatchford  
Vedder, Price, Kaufman & Kammholz, PC  
222 North LaSalle St.  
Chicago, Illinois 60601

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953, [815 ILCS 5/1 et seq.] (the "Act") and 14 Ill. Adm. Code 130, Subpart K, a public hearing will be held at 300 W. Jefferson St. Suite 300A, Springfield, Illinois 62702, on the 16<sup>th</sup> day of May, 2007 at the hour of 10:00 a.m., or as soon thereafter as counsel may be heard, before Jon Ellis, or such other duly designated Hearing Officer of the Secretary of State. A copy of the Rules under the Act pertaining to contested cases is attached to this Notice.

Said hearing will be held to determine whether an Order of Prohibition should be entered against Siegfried Investment Funds, LLC, Barbarossa Investment Partnership, their officers, directors, employees, agents, affiliates, successors and assigns and George S. Rieg VI ("the Respondents") in the State of Illinois and granting such other relief as may be authorized under the Act including but not limited to imposition of a

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monetary fine in the maximum amount pursuant to Section 11 of the Act, payable within ten (10) days of the entry of the Order.

The grounds for such proposed action are as follows:

Count I (Violation of Sections 12.A and D)

1. Siegfried Investment Fund, LLC ("Siegfried Fund") is a Delaware registered Limited Liability Company and is the successor organization of the Siegfried Investment Partnership.
2. The Siegfried Fund has a stated purpose: "to acquire, trade, sell dispose of or otherwise invest in cash and cash equivalents, bonds, common stocks, preferred stocks, currencies, money market instruments, financial indices, forward contracts, government instruments and marketable securities..."
3. The Siegfried Fund was first organized, offered and sold as an Illinois registered General Partnership but was later converted to a Delaware registered Limited Liability Company effective January 1, 2002.
4. Barbarossa Investment Partnership ("Barbarossa Fund") is an Illinois Partnership formed in 2000.
5. The Barbarossa Fund has a stated purpose of "...investment in publicly traded stocks."
6. George S. Rieg VI ("Rieg") is the Manager of the Siegfried Investment Fund, LLC and Executive Secretary of the Barbarossa Investment Partnership.
7. Pursuant to an Investment Advisory Agreement between Rieg and the Siegfried Fund, Rieg is the Investment Advisor to the Siegfried Fund and has full discretion to provide investment advice and execute transactions in the Siegfried Fund.
8. Rieg's advisory fee was an annualized rate of 2% of the Net Asset Value of the Siegfried Fund. From 2000 through 2005, Rieg received \$108,517.38 in advisory fees.

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9. As the Executive Secretary of the Barbarossa Fund, Rieg has full discretion to make investment decisions and execute transactions on behalf of the Barbarossa Fund and received quarterly operating expenses of  $\frac{1}{4}$  of 1% of each fund member's capital account in the Barbarossa Fund. Rieg received \$9,783.85 in operating expenses from the period 2000 through 2005.
10. From January 2000 through March 2005, the Siegfried Fund and Rieg offered and sold to 60 investors, Partnership interests (or after 2002, Membership interests) in the Siegfried Fund raising approximately \$573,296. The Fund has a value of \$2,535,722.15 as of March 31, 2007.
11. From January 2000 through June 2005 the Barbarossa Fund and Rieg offered and sold to 24 investors, Partnership interests in the Barbarossa Fund raising approximately \$580,000. The Fund has a value of \$726,029.27 as of March 31, 2007.
12. The above-referenced partnership and membership interests are securities as that term is defined pursuant to Section 2.1. of the Illinois Securities Law of 1953 [815 ILCS 5/1 et seq.] (the "Act").
13. Section 5 of the Act provides, inter alia, that all securities except those set forth under Section 2A of the Act or those exempt under Section 3 of the Act or those offered and sold in transactions exempt under Section 4 of the Act shall be registered with the Secretary of State prior to their offer or sale in the State of Illinois.
14. Section 12.A of the Act provides, inter alia, that it shall be a violation of the Act for any person to offer or sell securities except in accordance with the provisions of the Act.
15. Section 12.D of the Act provides, inter alia, that it shall be a violation of the Act for any person to fail to file with the Secretary of State any document or application required to be filed under the provisions of the Act.

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16. The Respondents have asserted that their offers and sales of the above-referenced securities qualified for exemptions under Section 4.G. However, the Respondents failed to file the required filings with the Department until 2005 several years after the sales took place.
17. By virtue of the foregoing, the Respondents have violated Sections 12.A and D of the Act.
18. Section 11.E(2) of the Act provides, inter alia, that if the Secretary of State shall find that any person has violated subsection D of Section 12 of the Act, the Secretary of State may by written order prohibit the person from offering or selling any securities in this State.
19. Section 11.E(4) of the Act provides, inter alia, that if the Secretary of State, after finding that any provision of the Act has been violated, may impose a fine as provided by rule, regulation or order not to exceed \$10,000.00 for each violation of the Act.
20. By virtue of the foregoing, the Secretary of State has the authority to subject the Respondents to a fine of up to \$10,000.00 per violation and an order which permanently prohibits the Respondents from offering or selling securities in the State of Illinois.

Count II (Violation of Sections 12.F and H)

- 1-12 Paragraphs 1 through 12 of Count I are re-alleged and incorporated as paragraphs 1 through 12 of this Count II;
13. The Siegfried Fund and the Barbarossa Fund prepared certain financial statements delivered to their members or partners that purported to report the annual performance rates of each Fund. The annual performance rates did not subtract advisory fees paid by the Siegfried Fund or operating expenses paid by the Barbarossa Fund but rather reported the performance rates before fees and expenses were deducted. If fees and expenses were deducted, the performance rates for

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the Barbarossa Fund and the Siegfried Fund would have been less. For example, both Funds for 2005 had a pre-expense performance rate of 16.42% which would have been 14.12% after expenses.

14. The Respondents did not disclose to their members or partners that the performance rates reported by the Siegfried Fund and the Barbarossa Fund were before any fees and expenses were paid and that if the performance rates were calculated after a subtraction of fees and expenses the performance rates would be lower.
15. Section 12.F of the Act provides inter alia that it shall be a violation of the Act for any person to engage in any transaction, practice or course of business in connection with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchase or seller thereof.
16. Section 12.H of the Act provides inter alia that it shall be a violation of the Act for any person to sign or circulate any statement, prospectus, or other paper or document pertaining to any security knowing or having reasonable ground to know any material representation therein contained to be false or untrue.
17. That by virtue of the foregoing, the Respondents have violated Sections 12.F and H of the Act;
18. That Section 11.E(2) of the Act provides, inter alia, that if the Secretary of State shall find that any person has violated subsections F or H of Section 12 of the Act, the Secretary of State may by written order prohibit the person from offering or selling any securities in this State.
19. That Section 11.E(4) of the Act provides, inter alia, that if the Secretary of State, after finding that any provision of the Act has been violated, may impose a fine as provided by rule, regulation or order not to exceed \$10,000.00 for each violation of the Act; and
20. That by virtue of the foregoing, the Secretary of State has the authority to subject the Respondents to a fine of up to \$10,000.00 per violation and an order which permanently prohibits the Respondents from offering or selling securities in the State of Illinois.

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offering or selling securities in the State of Illinois.


You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 Ill. Adm. Code 130) (the "Rules"), to file an answer to the allegations outlined above or a Special Appearance pursuant to Section 130.1107 of the Rules, or other responsive pleading within thirty days of the receipt of this notice. Your failure to do so within the prescribed time shall be deemed an admission of the allegations contained in the Notice of Hearing and waives your right to a hearing.

Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute default.

A copy of the Rules, promulgated under the Act and pertaining to Hearings held by the Office of the Secretary of State, Illinois Securities Department, is included with this Notice.

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

ENTERED: This 10<sup>th</sup> day of April, 2007

Jesse White   
Jesse White  
Secretary of State  
State of Illinois

Attorney for the Secretary of State:  
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Hearing Officer:  
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