

**STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT**

IN THE MATTER OF: Daniel PASSARELLI
& DANIEL PASSARELLI d/b/a MILLION, INC.

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FILE NO.0400731

ORDER OF PROHIBITION

TO RESPONDENT

Daniel Passarelli
Stateville Correctional Center
P.O. Box 112
Joliet, Illinois 60434

Million, Inc.
c/o Daniel Passarelli
Stateville Correctional Center
P.O. Box 112
Joliet, Illinois 60434

WHEREAS, the above-captioned matter came on to be heard on December 12, 2006 pursuant to the Second Amended Notice of Hearing dated October 17, 2005, FILED BY Petitioner Secretary of State, and the record of the matter under the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") has been reviewed by the Secretary of State or his duly authorized representative.

WHEREAS, the rulings of the Hearing Officer on the admission of evidence and all motions are deemed to be proper and are hereby concurred with by the Secretary of State.

WHEREAS, the proposed Findings of Fact, Conclusions of Law and Recommendations of the Hearing Officer, James L. Kopecky, Esq., in the above-captioned matter have been read and examined.

WHEREAS, the proposed Findings of Fact of the Hearing Officer are correct and are hereby adopted as the Findings of Fact of the Secretary of State:

1. The Department served Respondent with Notice of Hearing on December 22, 2005.

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2. The Department served Respondent with a Second Amended Notice of Hearing on October 18, 2006.
3. The Department served Respondent with a Second Amended Notice of Hearing and an Order of Continuance on October 24, 2006.
4. The Respondent failed to answer, appear, or submit a responsive pleading.
5. The Respondent did not appear at the Hearing.
6. Daniel Passarelli ("Passarelli" or collectively with Million "Respondents") is an individual with a last known address of 12029 Lancaster Court, Orland Park, IL 60467.
7. At all relevant times, Passarelli was an insurance agent and was in the insurance business since at least 1985.
8. Million, Inc. ("Million" or collectively with Passarelli, "Respondents") was an Illinois corporation and was involuntarily dissolved on August 8, 2001. Respondent Passarelli was the president of Million.
9. Between at least January 2001 and May 2002 Respondents offered and sold unregistered securities in Million to Illinois residents in violation of Sections 12.A and 12.D of the Act.
10. In connection with these activities, Respondents engaged in schemes involving fraud and deceit to Illinois residents, in violation of Sections 12.F, 12.G, and 12.I of the Act.
11. In furtherance of the schemes, Respondents rendered investment advice and solicited funds from Illinois residents for the stated purpose of investment in securities as follows:

Investor EP

- a. EP resides in Chicago, Illinois.
- b. Respondent Passarelli is EP's nephew and at all relevant times was also EP's insurance agent.
- c. On or about January 12, 2001, Respondent Passarelli visited EP in his home and told him about a "great investment opportunity" in Million. Respondent Passarelli told EP that the company produced cookbooks and would go public in about 6 months. Respondent offered to sell EP shares in Million at \$1.00 per share and assured EP that the shares would be worth \$5.00 per share when Million

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went public. Respondent Passarelli represented to EP that he had personally invested \$50,000 in Million.

- d. On or about January 12, 2001, EP gave Respondent Passarelli a check in the amount of \$10,000.00 for the purchase of Million stock payable to Million Inc.
- e. On or about March 1, 2001, EP's two annuity policies with CNA were cancelled and the surrender values in the amount of \$23,449.40 were transferred to Million (the "Funds"). On information and belief, Respondent Passarelli forged EP's signature to transfer the Funds to Million. After the Funds were transferred, EP confronted Passarelli and told him that he never authorized him to cancel his annuities. Passarelli assured EP that the Funds were transferred to a Million debenture and would make 7.2%, however Passarelli received no written documentation of this investment.
- f. On or about May 15, 2001, Respondent Passarelli approached EP again at his home and asked for another investment of \$5,000.00 so that Million could "go on the market" at \$5.00 per share.
- g. On or about May 15, 2001, EP gave Passarelli two checks payable to Million totaling \$5,000.00 for the purchase of Million stock.
- h. On or about August 27, 2001, several months after the investment, Respondents finally sent EP a statement showing his investment of \$23,449.40 in a "Million Debenture IRA at 7.2%". The statement provided no due date for the debenture.
- i. On or about September 12, 2001, Respondents sent EP a statement showing his stock purchases with an increased value due to a "stock split." The statement showed his balance at \$100,000 representing the value of his stock in Million.
- j. EP never received any additional statements regarding his investments nor did he receive any written prospectus for Million.
- k. Respondent Passarelli never told EP that he was the president of Million or that Million was his company.
- l. To date, after numerous demands, EP has not received back any of his principal investment or any interest.
- m. LG is an individual who resides in Chicago, Illinois.

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- n. LG had purchased insurance from Passarelli to pay for her burial expenses.
- o. In May 2002, Passarelli offered LG an “annuity” that would pay her 8.5%. LG accepted Passarelli’s offer because he assured her it was a safe, non-equity investment. Passarelli instructed LG to surrender a full life insurance policy she held with CGU Life and endorse the funds to Million to purchase this “annuity.” After LG transferred the funds to Million she received only one or two statements indicating the interest she had made on her “annuity” but never received any actual funds.
- p. Shortly after her investment, the statements stopped coming and despite many attempts LG was unable to reach Passarelli.
- q. In or about March, 2005, LG received a form letter addressed “Dear Stockholder” from Million that informed her that she was a stockholder in Million. This was the first time she learned she had purchased stock in Million.
- r. Respondent Passarelli never told LG that he was the president of Million or that Million was his company.
- s. To date, despite repeated demands, LG has not received any of her investment back, nor any interest payments.

Investor MB

- t. MB is an individual who resides in Chicago, Illinois.
- u. MB was referred to Respondent Passarelli by her father, who had bought insurance from Passarelli.
- v. In or about March 2002, Passarelli came to MB’s home to present an investment opportunity in Million. Passarelli told MB that her investment would be like a “money market fund that paid interest” and her investment would receive 8.5% interest. Passarelli gave her no written prospectus on Million or any written documentation.
- w. On or about March 22, 2002, MB gave Passarelli a check in the amount of \$10,000 for investment in Million but received no written confirmation of her investment.
- x. Shortly after her investment, MB telephoned Passarelli demanding some written proof of her investment. Passarelli told her to “call this number, my wife is here, and you can get money from your

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investment.” After this conversation, MB received a statement reflecting the earned interest and principal on her investment.

- y. In April 2003, MB demanded that her funds be returned, but Passarelli told her to wait until June, claiming that was when her investment was due. However, MB never received either the principal or the interest promised her.
 - z. Passarelli never told MB that he was the president of Million or that it was his company.
 - aa. To date, despite repeated demands, MB has never received any money back from her investment.
- 12. Respondent pursued a relationship with the investors above for the purpose of selling securities.
 - 13. Respondent took funds from Illinois investors EP and MB and misrepresented that their funds would be invested in Million, Inc.
 - 14. Respondent used investor funds for his own purposes.
 - 15. Respondent falsely represented to an investor that her investment was to purchase a safe non-equity annuity and instead placed her funds in Million, Inc. as a shareholder. Respondent then used her funds for his own purposes.
 - 16. Respondent failed to file with the Secretary of State an application for registration of the investment opportunity described herein as required by the Act.

WHEREAS, the proposed Conclusions of Law made by the Hearing Officer are correct and are hereby adopted as the Conclusions of Law of the Secretary of State:

- 17. The Department properly served the Second Amended Notice of Hearing on Respondent on October 24, 2006.
- 18. The Notice of Hearing included the information required under Section 1102 of the Code.
- 19. The Secretary of State has jurisdiction over the subject matter hereof pursuant to the Act.
- 20. Because of Respondent’s failure timely to file an answer, special appearance or other responsive pleading in accordance with Section 130.1104:

- (a) the allegations contained in the Notice of Hearing are deemed admitted; and
 - (b) Respondent waived his right to a hearing;
- 21. Because the Respondent failed to appear at the time and place set for hearing, in accordance with Section 130.1109, he:
 - (a) waived his right to present evidence, argue, object or cross examine witnesses; or
 - (b) otherwise participate at the hearing.
- 22. Section 5 of the Act provides, *inter alia*, that all securities except those exempt under Section 3 of the Act, offered or sold in transactions exempt under Section 4 of the Act, shall be registered with the Secretary of State by following the proper application prior to their offer or sale in the State of Illinois.
- 23. 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 any security except in accordance with the provisions of the Act.
- 24. 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 required application, report or document required to be filed under the provisions of the Act or any rule or regulation made by the Secretary of State pursuant to the Act.
- 25. Section 12.F of the Act provides, *inter alia*, that it shall be a violation of the provisions of this Act for any person to engage in any transaction, practice or course of business in connection with the sale or purchase of securities works or tends to work a fraud or deceit upon the purchaser or seller thereof.
- 26. Section 12.G of the Act provides, *inter alia*, that it shall be a violation of the provisions of this Act for any person to obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statement made, in the light of the circumstances under which they were made, not misleading.
- 27. Section 12.I of the Act provides, *inter alia*, that it shall be a violation of the provisions of this Act for any person to employ any device, scheme or

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artifice to defraud in connection with the sale or purchase of any security, directly or indirectly.

28. By virtue of the evidence presented at the hearing and the Hearing Officer findings of fact, Respondent violated Sections 12.A, D, F, G, and I of the Act.

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29. Section 11.E(2) of the Act provides, *inter alia*, if the Secretary of State shall find that any person has violated sub-section D, E, F, G, H, or I of the Act, the Secretary of State may by written order permanently prohibit or suspend the person from offering or selling any securities, any mineral investment contract, or any mineral deferred delivery contract in this state, provided that any person who is the subject of an order of permanent prohibition may petition the Secretary of State for a hearing to present evidence of rehabilitation or change in circumstances justifying the amendment or termination of the order or permanent prohibition.
30. That by virtue of the foregoing violations of Sections 12.A, D, F, G, and I, Respondent is subject to permanent prohibition or suspension from offering or selling any securities in this state pursuant to Section 11.E(2) of the Act.

Fine, Censure, and Costs

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

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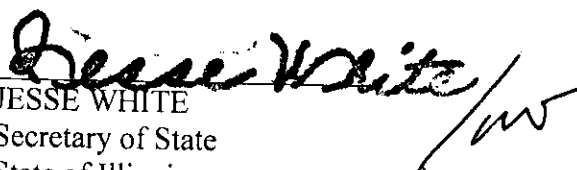
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WHEREAS, the Hearing Officer recommended that the Secretary of State should permanently prohibit the Respondent from selling or offering for sale securities in the State of Illinois and the **Secretary of State adopts** in its entirety the Recommendation made by the Hearing Officer.

NOW THEREFORE, IT SHALL BE AND IS HEREBY ORDERED:

1. Respondent Daniel Passarelli, a/k/a Daniel Passarelli d/b/a Million, Inc., is permanently **PROHIBITED** from offering or offering for sale securities in the State of Illinois.

ENTERED This 15th day of February 2007


JESSE WHITE
Secretary of State
State of Illinois

This is a final order subject to administrative review pursuant to the Administrative Review Law [735 ILCS 5/3-101 et seq.] and the Rules and Regulations of the Act (14 Ill. Admin. Code, Ch. 1 Sec. 130.1123). Any action for judicial review must be commenced within thirty-five (35) days from the date a copy of this Order is served upon the party seeking review.