

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

IN THE MATTER OF:

**Matthew T. Scott, and
Gelsco, Inc.,
its partners, members, officers, directors,
agents, employees, affiliates, successors
and assigns.**

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) **File Number: 0900182**
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ORDER OF PROHIBITION

TO RESPONDENTS: Matthew Scott
208 Willow Road
Elmhurst, Illinois 60126

Matthew Scott
Gelsco, Inc
70 West Lake Street
Northlake, Illinois 60164

WHEREAS, a Temporary Order of Prohibition was issued by the Illinois Secretary of State, on May 28, 2009, temporarily prohibiting the Respondents from offering or selling securities in the State of Illinois until further order from the Secretary of State.

WHEREAS, pursuant to Section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act"), the failure to request a hearing within thirty (30) calendar days of the entry of a Temporary Order shall constitute an admission of any facts alleged therein and constitute a sufficient basis to make the Temporary Order final.

WHEREAS, the Respondents have failed to request a hearing on the matters contained in the Temporary Order within thirty (30) calendar days of the entry of said Temporary Order and the Respondents are hereby deemed to have admitted the facts alleged in the said Temporary Order.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Findings of Fact contained in the said Temporary Order as the Secretary of State's Final Findings of Fact as follows:

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Count I

FAILURE TO REGISTER SECURITIES

1. Respondent Matthew Scott ("Scott"), a natural person, has a last known address of 1490 Timber Trail, Wheaton, Illinois.
2. Respondent Gelsco, Inc. ("Gelsco ") is an Illinois Corporation, with the last known address of 70 West Lake Street, Northlake, Illinois 60164; respondent Scott is the registered agent.
3. Starting in 2004 and continuing through 2008, respondent Scott was authorized to sign contracts for and Promissory Notes issued by Gelsco.
4. From 2004 and continuing through 2008, respondent Scott, offered and sold to Illinois Residents Promissory Notes (Notes) issued by respondent Gelsco, with a principal value of approximately Eight Million Dollars (\$8,000,000.00).
5. The Notes offered and sold to the Illinois residents by Scott promised interest rates between twelve (12) percent to fifty (50) percent interest with varying maturities as short as two weeks.
6. The activities described above constitute the offer and sale of a Note and therefore a security as those terms are defined in Sections 2.1, 2.5, and 2.5a of the Illinois Securities Law of 1953 [815 ILCS 5/1 *et. seq.*] (the "Act").
7. Section 5 of the Act provides, *inter alia*, that all securities except those exempt under Section 3 or those offered or sold in transactions exempt under Section 4 "shall be registered either by coordination or by qualification prior . . . to their offer or sale" in the State of Illinois.
8. Respondents failed to file with the Secretary of State an application for registration of the securities described above as required by the Act and, as a result, the security was not registered pursuant to Section 5 of the Act prior to its offer in the State of Illinois.
9. Section 12.A of the Act provides, *inter alia*, that it shall be a violation for any person "to offer or sell any security except in accordance with the provisions of the Act."
10. Section 12.D of the Act provides, *inter alia*, that it shall be a violation for any person "to fail to file with the Secretary of State any application, report or document required to be filed under the provisions of the Act or any rule or regulation made by the Secretary of State pursuant to the Act."
11. By virtue of the foregoing, Respondents violated Sections 12.A and 12.D of the Act.

Count II

FRAUD IN THE SALE OF SECURITIES

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- 1-5. That paragraphs one (1) through five (5) of Count I are re-alleged and incorporated herein as paragraphs one (1) through five (5) of this Count II.
6. Respondents engaged in a "Ponzi Scheme" in which he took investors money on the premises that he was using the money to refurbish/re-build and re-sell copy machines, however the investors money was used to pay prior investors and not used to invest in the business of refurbishing copy machines.
7. That Respondents offered substantially high interest rates and compounded by the short turn around time of the investment.
8. That Section 12.F of the Act provides 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 purchaser or seller thereof.
9. That Section 12.G of the Act provides that it shall be a violation of the Act for any person to obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in the light of the circumstances in which they were made, not misleading.
10. That by virtue of the forgoing, respondents violated Section 12.F and Section 12.G of the Act.

Count III

UNREGISTERED DEALER/SALESPERSON

- 1-5. That paragraphs one (1) through five (5) of Count I are re-alleged and incorporated herein as paragraphs one (1) through five (5) of this Count III.
6. Through the conduct described in paragraphs three (3) through five (5), the respondent acted as a dealer and/or salesperson for the sale of copious promissory notes to investors
7. That 12.C of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to act as a dealer, salesperson, investment advisor, or investment advisor representative, unless registered such, where such registration is required under this Act.
8. That at all relevant times, the respondents were not registered as a dealer and/or salesperson under the Act.
9. That by acting as a salesperson and/or dealer in the State of Illinois, without being registered as such, Respondents violated section 12.C of the Act.

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WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Conclusions of Law contained in the said Temporary Order as the Secretary of State's Conclusions of Law as follows:

Respondents violated Sections 12.A, 12.D, 12.F, 12.G, and 12.C of the Act.

NOW THEREFORE IT IS HEREBY ORDERED: That pursuant to Section 11.F of the Act, the Respondents, Matthew Scott and Gelsco, Inc. its partners, members, officers, directors, agents, employees, affiliates, successors and assigns, **shall be and are hereby permanently PROHIBITED** from offering or selling any securities in or from the State of Illinois.

Dated: This 7th day of July 2009.



JESSE WHITE
Secretary of State
State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of the Section 12.D of the Act. Any person or entity who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of the Order, shall be guilty of a Class 4 Felony.

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 Illinois Securities Act, {14 Ill. Admin. Code Ch. I, Section 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.

Attorney for the Secretary of State:

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