

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: HUGH BENJAMIN DENEAL

) No. 0800408
)
)

TEMPORARY ORDER OF PROHIBITION

TO THE RESPONDENT: Hugh Benjamin DeNeal
9 East Haven Drive
Apartment 2A
Carbondale, Illinois 62901

On information and belief, I, Jesse White, Secretary of State for the State of Illinois, through my designated representative, having been fully advised in the premises by the staff of the Illinois Securities Department, Office of the Secretary of State, herein find:

1. That Respondent, Hugh Benjamin DeNeal is an individual with last known addresses of 9 East Haven Drive, Apartment 2A, Carbondale, Illinois 62901;
2. That during the months of March through October, 2006, Respondent Hugh Benjamin DeNeal offered and sold an investment plan to multiple investors in which he solicited investments in his purported t-shirt business, representing that the investor's funds would be invested in Respondent's t-shirt business and that investors would receive a return of up to 180% a month for a minimum investment of \$100;
3. That in order to invest in the aforesaid investment plan, Respondent required investors to open an "E-Gold" and/or "E-Bullion" account, from which the Respondent would require the investor to transfer money from the investor's aforesaid account into Respondent's account in order to invest in the aforesaid investment plan;
4. That during the months of September and October, 2006, Respondent Hugh Benjamin DeNeal offered and sold the aforementioned investment plan to JS in which JS invested in Respondent's purported t-shirt business called "Printvest" and Respondent promised JS a return of 80% per month, for a total investment of \$19,989;
5. That JS did not receive the amount of return promised by Respondent;

Temporary Order of Prohibition

-2-

6. That during the month of September, 2006, Respondent Hugh Benjamin De Neal offered and sold an investment plan to CJ in which CJ invested in Respondent's purported print and bulk garment business called "Hippylove" and Respondent promised CJ a return of 80% as well as the return of principal by October 14, 2006, for a total investment of \$24,921;
7. That as of this date, CJ has not receive a return of her principal nor a full 80% return on her investment as promised by Respondent;
8. That each of the aforesaid investment plans were part of a ponzi scheme, in that the investor's money did not in fact earn a return of up to 180% per month as represented, but rather, the Respondent paid the original investors with money Respondent obtained from other subsequent investors; furthermore, Respondent used a portion of said funds for personal use, including, but not limited to, gambling activities;
9. That as recently as January, 2008, Respondent continued to make representations to investors that they would receive their full return on their investment;
10. That as of March 26, 2009, Respondent's web page appears on the internet stating that Respondent operated a small silkscreen shop, that Respondent sold blank t-shirts to other printers and embroiderers, that Respondent took private investments but ran into difficulties with suppliers and merchant accounts, that Respondent has found some quality suppliers and needs "to raise more funding" and that he has "customers with money in hand";
11. That each of the above investment plans is an investment contract and therefore a security 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");
12. That Section 5 of the Act provides, inter alia, that all securities except 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;
13. That Section 12.A of the Act provides, inter alia, that it shall be a violation of the Act for any person to offer or

Temporary Order of Prohibition

-3-

- sell securities except in accordance with the provisions of the Act;
14. That 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 provision of the Act;
 15. That Section 12.G of the Act provides, inter alia, 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 under which they were made, not misleading;
 16. That at all times relevant hereto, Respondent Hugh Benjamin DeNeal obtained money or property through the offer or sale of securities by means of any untrue statement of a material fact or any omission to state a material fact in that Respondent represented that the funds from multiple investors, including JS and CJ, would be invested in Respondent's t-shirt business and that the investors would earn up to 180% return per month, when in fact the aforesaid investment plan was a ponzi scheme, in that the investor's money did not in fact earn a return of up to 180% as represented, but rather, the Respondent paid the original investors with money Respondent obtained from other subsequent investors; furthermore, Respondent used a portion of said funds for personal use, including, but not limited to, gambling activities;
 17. That at all times relevant hereto, Respondent Hugh Benjamin DeNeal failed to file an application for registration of the above-referenced securities with the Secretary of State prior to their offer or sale in the State of Illinois;
 18. That by virtue of the foregoing, Respondent Hugh Benjamin DeNeal has violated Sections 12.A, 12.D and 12.G of the Act;
 19. That Section 11.F.(2) of the Act provides, inter alia, that the Secretary of State may temporarily suspend or prohibit the offer or sale of securities by any person if the Secretary of State in his or her opinion, based upon credible evidence, deems it necessary to prevent an imminent violation of the Act or to prevent losses to investors which

Temporary Order of Prohibition

-4-

the Secretary of State reasonably believes will occur as a result of a prior violation of the Act;


20. That based upon the foregoing, the Secretary of State deems it necessary, in order to prevent imminent and additional violations of the Act, and to prevent losses to investors as a result of the referenced prior violation of the Act, to enter an order pursuant to the authority granted under Section 11.F of the Act which prohibits Respondent Hugh Benjamin DeNeal from offering and/or selling securities in the State of Illinois; and
21. That based upon the credible evidence available to the Secretary of State, the entry of this Temporary Order is in the public interest and is consistent with the purposes of the Act.

NOW THEREFORE, IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, Respondent Hugh Benjamin DeNeal is hereby PROHIBITED from offering and/or selling securities in or from the State of Illinois until further order of the Secretary of State.

NOTICE is hereby given that the Respondent may request a hearing on this matter by transmitting such request in writing to Securities Director, Illinois Securities Department, 300 West Jefferson, Suite 300A, Springfield, Illinois 62702. Such request must be made within thirty (30) days of the date of entry of this Temporary Order. Upon receipt of a request for hearing, a hearing will be scheduled. Request for hearing will not stop the effectiveness of this Temporary Order and will extend the effectiveness of this Temporary Order for ninety days from the date the hearing request is received by the Department.

FAILURE BY ANY RESPONDENT TO REQUEST A HEARING WITHIN THIRTY (30) DAYS AFTER ENTRY OF THIS TEMPORARY ORDER SHALL CONSTITUTE AN ADMISSION OF ANY FACTS ALLEGED HEREIN AND CONSTITUTES SUFFICIENT BASIS TO MAKE THE TEMPORARY ORDER FINAL.

ENTERED: This 26th day of March, 2009



JESSE WHITE
Secretary of State
State of Illinois

Temporary Order of Prohibition

-5-

Attorney for the Secretary of State:

Johan Schripsema
Illinois Securities Department
350 Seright, Suite C
Harrisburg, Illinois 62946
Telephone: (618) 253-2007