

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

\_\_\_\_\_) )  
IN THE MATTER OF: MDS FREEDOM, LLC, its officers) )  
and directors, agents, employees, affiliates, successors and ) )  
assigns, managers, and MICHAEL D. SCHLEIF ) )  
\_\_\_\_\_)

FILE NO. 0800203

ORDER OF PROHIBITION

TO RESPONDENT: MDS Freedom LLC  
3 Golf Center, # 266  
Hoffman Estates, Illinois 60195

MDS Freedom LLC  
1815 Claremont Road  
Hoffman Estates, Illinois 60169

Michael D. Schleif  
1815 Claremont Road  
Hoffman Estates, Illinois 60169

WHEREAS, a Temporary Order of Prohibition (“Temporary Order”) was issued by the Secretary of State on February 4, 2009 which prohibited MDS Freedom LLC and Michael D. Schleif (“Respondents”) from offering or selling securities in or from the State of Illinois until further order of the Secretary of State or his duly authorized representative;

WHEREAS, pursuant to section 15-55(e) of the Illinois Securities Law of 1955 [815 ILCS 175/15-1] (the “Act”), the failure to request a hearing within thirty (30) calendar days of the entry of the Temporary Order shall constitute an admission of any acts 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 Temporary Order;

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

## Order of Prohibition

-2-

1. That Respondent MDS freedom, LLC, is a Limited Liability Company organized and operating under the laws of the State of Illinois ("MDS"), that maintains business addresses at 1815 Claremont Road, Hoffman Estates, Illinois 60169, and 3 Golf Center, # 266, Hoffman Estates, Illinois 60195.
2. That Michael D. Schleif, the Agent for MDS is an individual ("Schleif") (collectively with "MDS" "Respondents") with an office at 1815 Claremont Road, Hoffman Estates, Illinois 60169
3. That during April through December, 2008 and January through February, 2009, or thereabouts, Respondents placed advertisements on their website whereby investors could get a safe 9 to 11% interest on notes secured by local real estate.
4. Respondents' website <http://mdsfreedom.com>, which is visible to Illinois internet viewers, provides a telephone, fax and email address for a potential investor to contact the Company.
5. That the activities described in paragraphs 3 and 4 above constitute the offer of notes or an investment contract and therefore a security as those terms are defined in Sections 2.1 and 2.5a of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act").
6. That 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.
7. That Respondents failed to file with the Secretary of State an application for registration of the investment opportunity described above as required by the Act and that as a result the security was not registered pursuant to Section 5 of the Act prior to its offer in the State of Illinois.
8. That on April 14, 2008, the Department issued a letter pursuant to Section 11.C of the Act (the "11.C Letter"), which informed Respondent that it had come to the Department's attention that Respondent had offered unregistered securities in to Illinois residents. The Department requested that Respondent file an affidavit setting forth, among other things, the following information:
  - a. The manner in which prospective investors' names were obtained;
  - b. The manner in which prospective investors' were initially contacted;
  - c. The names, addresses, and telephone numbers of all Illinois residents to whom the Shares were offered;

Order of Prohibition

-3-

- d. The names, addresses, and telephone numbers of all Illinois residents to whom the Shares were sold, together with the number of Shares sold to each Illinois investor;
  - e. The names and addresses of all individuals acting on behalf of Respondent who offered or sold the Shares to Illinois residents; and
  - f. The commissions paid either directly or indirectly to those individuals.
  - g. If you rely on any exemption under the Act please state the section, subsection and basis therefor.
- 9. That Respondent signed for the mailing by placing a signature of a representative on the PS form 3811 for Return Receipt.
  - 10. That Respondent failed to Respond to the 11.C Letter.
  - 11. That 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.
  - 12. That 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.
  - 13. That Respondents violated Sections 12.A and 12.D of the Act in that they failed to register the Security they offered on the Website.
  - 14. That Respondents violated Section 12.D of the Act in that they failed to respond to the 11.C Letter.
  - 15. That by virtue of the foregoing, Respondents have violated Sections 12.A and 12.D of the Act.

NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 15-55(c) and Section 15-55(d) of the Act, Respondents MDS Freedom LLC Michael D. Schleif are PROHIBITED from engaging in the business of loan brokering in the State of Illinois until further Order of the Secretary of State.

NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 15-65 of the ACT. Any person who willfully violates this act commits a class 4 felony.

Order of Prohibition

-4-

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.

ENTERED: This 20<sup>th</sup> day of MARCH 2009.

A handwritten signature in black ink that reads "Jesse White" followed by a stylized flourish.

JESSE WHITE  
Secretary of State  
State of Illinois

Attorney for the Secretary of State:

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