

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

IN THE MATTER OF:

Kelvin Miles, Sr.

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File No. 0600641

NOTICE OF HEARING

TO RESPONDENT:

Kelvin Miles, Sr.
2221 Garfield Ave.
Gary, IN 46404

You are hereby notified that a public hearing will be held at the office of the Illinois Securities Department, 69 W. Washington Street – Suite 1220, in Chicago, Illinois 60602, on April 14, 2010, at 10:00 a.m., or as soon thereafter as possible before Illinois Secretary of State Hearing Officer Soula J. Spyropoulos, or such other hearing officer who shall be presiding at that time. This Notice of Hearing is made in accordance with Sections 11.E and F of the Illinois Securities Law of 1953 [815 ILCS 5/11.E and F] (“Act”) and Subpart K of the Rules and Regulations Under the Illinois Securities Law of 1953 [14 Ill. Adm. Code 130, Subpart K].

This hearing will be held to determine whether an order should be entered that would permanently prohibit Respondent Kelvin Miles, Sr., from selling securities or offering securities for sale in the State of Illinois; permanently prohibit him from acting as an investment adviser, investment adviser representative, and federal covered investment adviser; impose a fine on him not to exceed \$10,000 for each violation of the Act described in this Notice, payable within ten days of entry of the order; charge as costs of investigation all reasonable expenses, including attorney’s fees and witness fees [815 ILCS 5/11.E(2) and (3); and 5/11.E(1), (2), and(4)]; and grant any other relief authorized by the Act.

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The grounds for this proposed action are as follows:

1. Respondent Kelvin Miles, Sr. ("Miles"), is a natural person whose residential address is 2221 Garfield Avenue in Gary, Indiana 46404.
2. From at least as early as September 14, 2005, Respondent Miles has held himself out as a contract builder operating a business called Miles Properties, LLC.
3. From September 14, 2005, through April 17, 2009, Miles Properties, LLC, was a limited liability company organized in Indiana.
4. The principal place of business of Miles Properties, LLC, is 2221 Garfield Avenue in Gary, Indiana 46404.
5. At all times described in this Notice, investor JT was a resident of Illinois.
6. On October 14, 2006, in Chicago, Illinois, Respondent Miles offered and sold Investor JT an investment opportunity in real estate development. The investment Miles offered was a promissory note.
7. Under the terms of the investment, investor JT was to give Respondent Miles \$8,000 to invest in the real estate development. Respondent would pay Investor JT a promissory note in the amount of \$12,000 in two \$6,000 installments on specified dates, with an annual interest rate of ten percent on any unpaid balance.
8. On October 14, 2006, Respondent Miles and investor JT executed the promissory note. On October 16, 2006, investor JT gave Miles JT's investment of \$8,000 for the note.
9. Respondent Miles failed to pay either of the installments due on the note on either of the two installment dates. He made a partial payment on the note after the due date for the last installment.
10. The activities described above constitute the issuance of a note, and therefore an offer and sale of a security, as those three terms are defined in Sections 2.1, 2.5, and 2.5a of the Illinois Securities Law of 1953. 815 ILCS 5/2.1, 5/2.5, and 5/2.5a ("Act").
11. Section 12.A of the Act provides it is a violation of the Act for any person to offer or sell any security except in accordance with the provisions of the Act.
12. Section 5 of the Act provides that all securities shall be registered with the Illinois Secretary of State either by coordination or by qualification, prior to their offer or sale in Illinois. The only securities excluded from this registration requirement are those set forth under Section 2a of this Act; or those exempt under Section 3 of this Act; or those offered or sold in transactions exempt under Section 4 of this Act; or face amount

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certificates required to be registered under Section 6 of this Act; or investment fund shares required to be registered under Section 7 of this Act.

13. Section 6 of the Act provides that all face amount certificate contracts except those set forth in Section 2a of the Act, or those exempt under Section 3 of the Act, or those offered or sold in transactions exempt under Section 4 of the Act, are required to be registered either by coordination or qualification, as provided in Section 6. Under Section 6, this registration is required prior to the offer or sale of the contracts in Illinois.
14. Section 7 of the Act provides that all investment fund shares except those set forth under Section 2a of the Act, or those exempt under Section 3 of the Act or those offered or sold in transactions exempt under Section 4 of the Act, or face amount certificates required to be registered under Section 6 of the Act, shall be registered either by coordination or by qualification, prior to their offer or sale in Illinois.
15. The promissory note Respondent Miles offered and sold investor JT:
 - (a) Was not identified in Section 2a of the Act.
 - (b) Was not exempt from registration under Section 3 of the Act.
 - (c) Was not offered in any transaction exempt from registration under Section 4 of the Act.
 - (d) Was never registered under Sections 5, 6, or 7 of the Act.
16. Section 15.A of the Act provides that when a defense is based upon any exemption provided for in the Act in an administrative action, the burden of proving the exemption shall be on the party raising this defense.
17. Respondent Miles's offer and sale to investor JT of the promissory note without registering the note or filing an exemption for registration was a violation of Section 12.A of the Act.
18. Section 12.D of the Act provides it is a violation of the Act 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 in accordance with the Act.
19. Respondent Miles's failure to file the application, report, or documents required to be filed under Sections 5, 6, or 7 of the Act to register the promissory note he offered and sold Investor JT or file an exemption from registration was a violation of Section 12.D of the Act.
20. Respondent Miles never disclosed to investor JT that the promissory note Miles offered and sold JT had never been registered with the Secretary of State and was not exempt from registration.

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21. Respondent Miles's offer and sale of the promissory note to investor JT without complying with the registration requirements of Section 5 or Section 7 of the Act was a violation of Section 12.A of the Act.
22. Section 12.G of the Act provides it is 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 light of the circumstances under which they were made, not misleading.
23. A reasonable investor would consider material the fact that the person offering or selling a security had failed to comply with state law requirements for registering the security.
24. Respondent Miles's failure to comply with Illinois law security registration laws was material, necessary in order to make the statements Miles made to investor JT, in light of the circumstances under which they were made, not misleading.
25. Respondent Miles's offer and sale of the promissory note to investor JT without disclosing the material fact that Miles had not complied with the registration requirements of Section 5 or Section 7 of the Act was a violation of Section 12.G of the Act.

NOTICE TO RESPONDENT: You are required to file an answer, special appearance, or other pleading responsive to the allegations outlined above within thirty days of service of this Notice of Hearing. Your failure to file a responsive pleading within thirty days of service of this Notice on you shall be construed as an admission of the allegations in this Notice, and waives your right to this hearing.

You may appear personally on your own behalf, or be represented by an attorney. You or your attorney may present evidence; cross-examine witnesses, and otherwise participate in this proceeding. Your failure to appear at this hearing constitutes a default, unless you or your attorney, upon due notice, has moved for and obtained a continuance.


Delivery of this Notice to your designated representative constitutes service on you.

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A copy of the Rules and Regulations promulgated under the Illinois Securities Law and pertaining to hearings held by the Office of the Secretary of State, Illinois Securities Department, are available at the Department's website at: <http://www.cyberdriveillinois.com/departments/securities/lawrules.html>, or on request.

Dated: This 2nd day of February, 2010.


JESSE WHITE
Secretary of State
State of Illinois

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