

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

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<b>IN THE MATTER OF:</b>	)
<b>DAVID J. HERNANDEZ and</b>	)
<b>NEXTSTEP FINANCIAL SERVICES, INC.</b>	) <b>No. 0900043</b>
<b>their partners, officers and directors, agents, employees,</b>	)
<b>affiliates, successors and assigns, and associated</b>	)
<b>companies and businesses.</b>	)

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**ORDER OF PROHIBITION**

**TO RESPONDENTS: David J. Hernandez and  
NextStep Financial Services, Inc.  
225 West Washington Street  
Suite 2200  
Chicago, Illinois 60606  
And  
P.O.Box 96  
Westmont, Illinois 60559  
And  
1321 Hawkins Avenue  
Downers Grove, Illinois 60516**

WHEREAS, a Temporary Order of Prohibition was issued by the Secretary of State on April 30, 2010 which prohibited **David J. Hernandez and NextStep Financial Services, Inc.**, their partners, officers and directors, agents, employees, affiliates, successors and assigns ("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 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 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;

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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:

1. Respondent David J. Hernandez (hereinafter "Hernandez" or collectively with NextStep, "Respondents") has last known addresses of 225 West Washington St., Suite 2200, Chicago, IL 60606 and P.O. Box 96, Westmont, Illinois 60559 and 1321 Hawkins Avenue, Downers Grove, Illinois 60515.
2. Respondent NextStep Financial Services, Inc. (hereinafter "NextStep" or collectively with Hernandez "Respondents"), has last known addresses of 225 West Washington St., Suite 2200, Chicago, IL 60606 and P.O. Box 96, Westmont, Illinois 60559 and 1321 Hawkins Avenue, Downers Grove, IL 60516.

**INVESTORS 1 & 2**

3. In July 2008 Respondents offered to at least two Illinois residents, husband and wife, ("Investors 1 & 2") the opportunity to enter a contract in which Investors would loan "**up to the maximum of One Million U.S. Dollars (\$1,000,000)**" to Respondents in exchange for Respondents' promise to repay principal and interest at the rate of "**15 % monthly**".
4. Respondents' investment contract was entitled, "**NextStep Financial Services, Inc. "Universal" Guaranteed Investment Contract (G.I.C.)**", which provided, inter alia, "It is agreed and understood that the distribution of the principal and interest is "**Guaranteed by NextStep Financial**" and will not be affected by the success of any investment program offered by the Company."
5. On July 21, 2008 Investors 1 & 2 gave Respondents two \$25,000 checks in the total amount of \$50,000; and on October 14, 2008 Investors 1 & 2 gave Respondents a third check in the amount of \$150,000; and on Jan 13, 2009 Investors 1 & 2 gave Respondents a fourth check in the amount of \$35,000 and another in the amount of \$15,000 ("Investment 1") in exchange for Respondents' promise to pay Investors the principal and 15% interest per month on the total amount invested.
6. Respondents negotiated all five checks into their bank account and received full payment of \$250,000.
7. Respondents assured Investors 1 & 2 that Respondents would use the investments for the business purpose of further investment into a payday loan service known as "Check 'n Go" stores.

**INVESTORS 3 & 4**

8. In December 2008 Respondents offered to at least two additional Illinois residents, husband and wife, (“Investors 3 & 4”) the opportunity to enter a contract in which Investors would loan “**up to the maximum of One Million U.S. Dollars (\$1,000,000)**” to Respondents in exchange for Respondents’ promise to repay principal and interest at the rate of “**15 % monthly**”.
9. Respondents’ investment contract was entitled, “**NextStep Financial Services, Inc. “Universal” Guaranteed Investment Contract (G.I.C.)**”, which provided, inter alia, “It is agreed and understood that the distribution of the principal and interest is “**Guaranteed by NextStep Financial**” and will not be affected by the success of any investment program offered by the Company.”
10. On December 29, 2008 Investors 3 & 4 gave Respondents a check in the amount of \$50,000 and on January 15, 2009 Investors gave Respondents another check in the amount of \$25,000 (“Investment 2”) in exchange for Respondents’ promise to pay the Investors principal and 15% interest per month on the total amount invested.
11. Respondents negotiated both checks into their bank account and received full payment of \$75,000.
12. Respondents assured Investors 3 & 4 that Respondents would use the investments for the business purpose of further investment into a payday loan service known as “Check ‘n Go” stores.
13. The activities described above in paragraphs 3-12 constitute the offer and sale of an investment contract and are 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] (the “Act”).

**FAILURE TO REGISTER SECURITIES**

14. Section 5 of the Act provides, inter alia, that all securities except those exempt under Section 3 or those offered and sold under Section 4 shall be registered either by coordination or by qualification prior to their offer or sale in the State of Illinois.
15. Respondents failed to file with the Secretary of State an application for registration of the securities described above as required by the Act and that as a result the securities were not registered pursuant to Section 5 of the Act prior to their offer and sale in the State of Illinois.

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16. Section 12.A of the Act provides, inter alia, that it shall be a violation for any person to offer and sell any security except in accordance with the provisions of the Act.
17. 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.
18. By virtue of the foregoing Respondents have violated Sections 12.A and 12.D of the Act.

**FRAUD IN SALE OF SECURITIES**

19. Respondents did not purchase any interest in the “Check ‘n Go” stores as promised, or in any legitimate business, but instead placed all of Investment 1 and Investment 2 into their own accounts, and converted them to their own use and benefit.
20. Respondents failed and refused to notify Investors 1,2, 3 and 4 that Respondents were converting Investments 1 and 2 to their own use and benefit, instead of using the funds for the promised business purpose of investing in “Check ‘n Go” stores.
21. Section 12.F of the Act provides, inter alia, 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”.
22. 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 light of the circumstances under which they were made, not misleading”.
23. Section 12.I of the Act provides, inter alia, that it shall be a violation of the Act for any person, “to employ any device, scheme or artifice, to defraud in connection with the sale or purchase of any security, directly or indirectly”.
24. By virtue of the foregoing, Respondents violated Sections 12.F, 12.G and 12.I of the Act.

NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, Respondents **David J. Hernandez and NextStep Financial Services, Inc.**, and their partners, officers and directors, agents, employees, affiliates, successors and

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assigns, are **PROHIBITED** from rendering investment advice and from offering or selling securities in or from this State until the further Order of the Secretary of State.

**NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12.D of the ACT. Any person or entity that fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of this Order, shall be guilty of a Class 4 felony for each offence.**

**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.**

Dated: This 15<sup>th</sup> day of June 2010.



JESSE WHITE  
Secretary of State  
State of Illinois

Attorney for the Secretary of State:

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