

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF:)	
)	
KEVIN JAMES REED CRD #4730957)	
)	FILE NO. C0800218
and LAMBERT CLARK GROUP LLC CRD #144889)	
)	

NOTICE OF HEARING

TO
RESPONDENTS:

Kevin James Reed
CRD# 4730957
1908 Cromwell Drive
Wheaton, Illinois 60187 United States

Lambert Clark Group LLC
CRD# 144889
2S676 State Route 59, Unit #2
Warrenville, Illinois 60555 United States

P.O. Box 1875
Warrenville, Illinois 60555 United States

INCORP SERVICES INC
2501 Chatham Road, Suite 110
Springfield Illinois 62704
Registered Agent
For Lambert Clark Group, LLC.

You are hereby notified, in accordance with Sections 11.E and F of the Illinois Securities Law of 1953 [815 ILCS 5/11.E and F] (“Act”) and 14 Ill. Adm. Code 130, subpart K, a public hearing will be held at the Secretary of State’s office at 69 West Washington Street, Suite 1220, Chicago Illinois 60602, on the 7th day of May, 2010 at 10:00 a.m., or as soon thereafter as possible before Soula Spyropoulos, or such other hearing officer as the Secretary of State may designate.

At this hearing, the Illinois Securities Department of the Office of the Secretary of State shall seek entry of an order granting any or all of the following relief:

1. Revocation of the registration of Respondent Reed as an investment adviser representative, and the registration of Respondent Lambert Clark Group LLC, as an investment adviser, in accordance with Sections 8.E(1)(b), 8.E(1)(e), 11.F(1), and 12.H of the Illinois Securities Law, as amended (“Act”). 815 ILCS 5/11.E(1)(b); 8.E(1)(e); 11.F(1); and 12.H.
2. Prohibition of the Respondents from offering or selling securities in or from the State of Illinois, in accordance with Sections 11.E(2) and 12.H of the Act.
3. Imposition of fines not to exceed \$10,000 against each of the Respondents for each violation of the Act described below; entry of orders of public censure; and charging as costs of investigation all reasonable expenses, including attorney’s fees and witness fees, in accordance with Section 11.E(4) of the Act.

The grounds for this proposed action are as follows:

NATURE OF CASE

This case involves the creation of fraudulent account statements by Respondent Kevin James Reed, in order to aid a customer in perpetrating a massive Fraud. The customer initially gave Respondent Reed promissory notes, purportedly representing obligations of foreign banks to pay more than 469 million dollars. Respondent Reed sent those promissory notes to Respondent Lambert Clark’s clearing firm, Clearing Firm C. Clearing Firm C informed Respondent Reed that Clearing Firm C could not confirm the value, if any, of the notes and therefore the purported notes were not eligible to be held at the clearing firm. Respondent Lambert Clark is not authorized to maintain custodial accounts. Respondent Lambert Clark must legally rely on a clearing firm to verify and hold these custodial assets.

Despite the inability of the clearing firm to confirm the purported value of the said promissory notes, Respondent Reed proceeded to falsify an account statement. The falsified account statement contained both Clearing Firm C's logo and Respondent Lambert Clark's logo. The account statement attributed value in excess of 469 million dollars to the said promissory notes.

Customer A attempted to secure a business loan with Lending Institution D, using the falsified account statement to show collateral. Lending Institution D contacted Clearing Firm C in order to verify the account statements because Clearing Firm C's logo was present on said account statement. Clearing Firm C was unable to verify the account statement because Clearing Firm C never generated any account statement attributing value to said promissory notes. At this point, the alleged bank fraud became apparent.

Respondent Lambert Clark proceeded to generate a new account statement, reflecting the same statement period as the falsified account statement. This second account statement displayed only Respondent Lambert Clark's company logo and not Clearing Firm C's logo. The new account statement still reflects the purported promissory notes, listing their face value, but now shows an ending account balance of \$0. Respondent Lambert Clark indicates Respondent Lambert Clark is holding the purported promissory notes in a "safekeeping" capacity even though the value of the promissory notes cannot be verified, nor is Respondent Lambert Clark even permitted to maintain custodial accounts.

Respondent Lambert Clark knew, or should have known, Customer A would still attempt to secure a sizeable business loan from Lending Institution D using these purported promissory notes as collateral. However, Respondent Lambert Clark's fee of \$100,000 served as motivation for Respondent Lambert Clark to salvage the fraudulent business relationship with Customer A.

FACTS COMMON TO ALL COUNTS

1. Respondent Kevin James Reed (collectively with Respondent Lambert Clark Group LLC, "Respondents") is an individual whose residential address is 1908 Cromwell Drive, Wheaton, Illinois 60187.
2. Respondent Lambert Clark Group, LLC (collectively with Respondent Reed, "Respondents") is an Illinois business entity organized as a limited liability company. The company's place of business is at the following address: 2S676 State Route 59, Unit #2, Warrenville, Illinois 60555.
3. Customer A is a control person of Company B.

4. Company B is an alleged corporate business entity.
5. Clearing Firm C is a New Jersey business entity organized as a limited liability company. Clearing Firm C works with the exchanges to handle confirmation, delivery and settlement of transactions.
6. Lending Institution D is a lending institution.
7. On or about a certain date in January 2008, Customer A contacted Respondent Reed at Lambert Clark Group, LLC (“Lambert Clark”), located in Warrenville Illinois. Customer A told Respondent Reed he wished to become an investment advisory client of Respondent Lambert Clark. The Respondents agreed to accept Customer A as a client.
8. Respondent Lambert Clark was to be compensated by Customer A in the amount of \$100,000 for services to be rendered in the months of March and April of 2008.
9. Customer A requested the Respondents forward to Clearing Firm C promissory notes that Customer A claimed to own. Customer A told Respondent Reed the notes were worth approximately 469 million dollars.

COUNT 1

Circulating Securities Document Known To Contain False Representation

Violations by Respondents Reed and Lambert Clark

10. On a certain date in the winter or spring of 2008, Customer A sent Respondent Reed the claimed promissory notes. Respondent Reed opened an account for Customer A at Clearing Firm. On a certain date in the winter or spring of 2008, Respondent Reed forwarded the notes to Clearing Firm C.
11. Respondent Reed fabricated an account statement for Customer A that appeared to have been generated by Clearing Firm C.
12. Respondent Reed sent Customer A the fabricated account statement.
13. Clearing Firm C determined the value of the promissory notes could not be verified.
14. The promissory notes Customer A gave the Respondents were securities, as the term “security” is defined in Section 2.1 of the Act.

15. Respondents Reed and Lambert Clark knew the material representation in the fabricated account statement were false at the time it was provided to Customer A.
16. From December 2007 (date of articles of organization) through at least as late as April 2008 (“this period”), Respondent Reed was:

Designated by Respondent Lambert Clark to the State of Illinois as a principal of Lambert Clark and in this position was responsible for management of the daily business operations of Respondent in Illinois, in accordance with Section 2.12a of the Act.
17. Because of Respondent Lambert Clark’s relationship with Respondent Reed during this period as investment adviser representative, Respondent Lambert Clark knew the facts alleged in this Notice.
18. Section 12.H of the Act provides it is a violation of Act to sign or circulate any document required by any provision of the Act or pertaining to any security, knowing or having reasonable grounds to know any material representation contained in the document to be false or untrue.
19. Respondents Reed and Lambert Clark knew, or had reasonable grounds to know, the material representations in the fabricated account statement, thereby violating Section 12.H of the Act.

COUNT 2

Unethical Securities Practices and Fraudulent Business Practices

Conduct by Respondents Reed and Lambert Clark

20. Section 8.E(1)(b) of the Act provides that the registrations of investment advisers and investment adviser representatives may be suspended or revoked if the Secretary of State finds they have engaged in any unethical practice in connection with any security, the offer or sale of securities or in any fraudulent business practice.
21. The Respondents engaged in unethical securities practices and fraudulent business practices when they fabricated an account statement.
22. The investment adviser representative registration of Respondent Reed and the investment adviser registration of Respondent Lambert Clark are subject to suspension or revocation under Section 8.E(1)(b) of the Act because they engaged in

an unethical practice in connection with a security and because they engaged in fraudulent business practice.

COUNT 3

Failure To Supervise

23. Section 8.E(1)(f) of the Act provides that the registration of an investment adviser may be suspended or revoked if the Secretary of State finds the adviser has failed reasonably to supervise the advisory activities of any of its investment adviser representatives or employees and the failure has permitted or facilitated a violation of Section 12 of the Act.
24. Respondent Lambert Clark, acting through its principal Respondent Reed, failed to supervise the advisory activities of investment adviser representative Respondent Reed.
25. The investment adviser representative registration of Respondent Reed and the investment adviser registration of Respondent Lambert Clark are subject to suspension or revocation under Section 8.E(1)(f) of the Act because its failure to reasonably supervise the advisory activities of Respondent Reed.

YOU ARE FURTHER NOTIFIED that you are required to file an answer to the allegations outlined above or other responsive pleading within ten days of service of this notice on you, in accordance with Section 130.1104(a) of the Rules and Regulations under the Illinois Securities Law ("Rules"). Your failure to do so within the prescribed time shall be construed as an admission of the allegations contained in this notice and waives your right to a hearing. Upon such failure, the hearing officer shall make a recommendation that an appropriate order be centered, including finding you in default. The answer and all other pleadings and motions must be filed with the Illinois Securities Department by addressing them to:

Lisa Michelle Kaplan
Enforcement Attorney
Illinois Securities Department
Office of Secretary of State
69 West Washington Street, Suite 1220
Chicago Illinois 60602

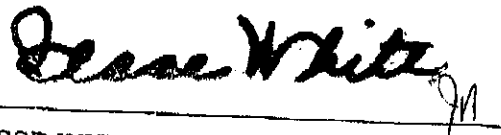
Notice of Hearing

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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. A failure to appear shall constitute default by you.

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 <http://www.ilga.gov/commission/jcar/admincode/014/01400130sections.html>, or via US Mail upon request.

Entered: This 10 day of March, 2010.

A handwritten signature in black ink that reads "Jesse White". The signature is written in a cursive style and is positioned above a horizontal line.

JESSE WHITE
Secretary of State
State of Illinois

Attorney for Secretary of State:
Lisa Michelle Kaplan
Enforcement Attorney
Illinois Securities Department
Office of Secretary of State
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