

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

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**IN THE MATTER OF:**

**Richard J. Osty, aka Ostapowicz;**

**Ronald Moore;**

**RO Financial Group, LLC**

its partners, members, officers, directors,

agents, employees, affiliates, successors

and assigns;

**RKM, Inc,**

its partners, members, officers, directors,

agents, employees, affiliates, successors

and assigns;

**Heritage Community Homes, Inc.,**

its partners, members, officers, directors,

agents, employees, affiliates, successors

and assigns; **and**

**Building Design System, LLC.,**

its partners, members, officers, directors,

agents, employees, affiliates, successors

and assigns;

**File Number: 0900540**

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**TEMPORARY ORDER OF PROHIBITION**

**TO RESPONDENTS:**

Richard J. Osty (CRD # 8985419)  
12106 S. Maple Avenue  
Blue Island, IL 60406

Richard J. Osty  
2233 S. Highland Ave, Unit 208  
Lombard, Illinois 60148

Ronald Moore  
120 East Ogden, Suite 206  
Hinsdale, Illinois 60521

RO Financial Group, LLC  
120 East Ogden, Suite 206  
Hinsdale, Illinois 60521

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RKM, Inc.  
913 E. Elm Street  
Wheaton, Illinois 60187

Building Design System, LLC.  
120 East Ogden, Suite 206  
Hinsdale, Illinois 60521

Heritage Community Homes, LLC.  
120 East Ogden, Suite 206  
Hinsdale, Illinois 60521

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

**I. FRAUD**

1. Respondent Richard J. Osty (“Osty”) is a natural person with the last known business address of 120 East Ogden, Suite 206, Hinsdale, Illinois.
2. Respondent Ronald Moore (Moore) is a natural person with the last known business address of 120 East Ogden, Suite 206, Hinsdale, Illinois.
3. Respondent RO Financial Group, LLC is an Illinois Limited Liability Corporation with a last known business address of 120 East Ogden, Suite 206, Hinsdale, Illinois.
4. Respondent RKM, Inc. is an Illinois Corporation, which was involuntarily dissolved November of 2008, with a last known address of 913 E. Elm Street, Wheaton, Illinois.
5. Respondent Heritage Community Homes LLC is an Illinois Limited Liability Company, which lists Respondent Osty as the president and agent.
6. Respondent Building Design System, LLC is an Illinois Limited Liability Company, which list Respondent Osty as the president and agent.
7. Respondent Osty represented himself as the owner, officer or President of RO Financial Group, LLC and contacted the investors directly to offer and sell securities.
8. Respondent Moore represented to investors that he was the president of RKM, Inc and contacted investors directly to offer and sell securities.

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9. Beginning in 2006 and continuing to the present, Respondents directly sold and offered to sell securities in the form of investment contracts to the general public, including residents and senior citizens of the State of Illinois (“Investors”).
10. Respondents touted the investment as an investment in building “green” housing in economically challenged areas.
11. Respondents represented to investors that they would receive a return on their money; the investors understanding of the return varies from the interest being equal to 10% to 150% of the investment, which is equal to 10% of the loan amount.
12. Respondents initially had the investors sign a “pre-construction agreement-right of first refusal” also called a “reservation” for a real estate contract which promised the investors a refund within thirty (30) day of their request.
13. Respondents approached the investors for additional funds, asking for a “special assessment”.
14. Respondents told investors that their money was being held in escrow and that there was a Series LLC in preparation and the attorney was hired to prepare the Series LLC.
15. Respondents placed some of the investor funds in an escrow account and then proceeded to dissipate the monies for personal use.
16. Respondents failed to keep the investors’ money into escrow accounts or file for a Series LLC.
17. Respondent Osty failed to disclose to investors that he had been Permanently Prohibited from offering or selling Securities in the State of Illinois.
18. To date, Illinois investors have not received any return on their investments, and the respondent has failed to have their investment returned or any accounting of investment, nor have investors received a refund more than 120 days after their request for said refund.
19. The activities described above constitute the offer and sale of a investment contract and 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 5/1 *et. seq.*] (the "Act").
20. 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.”
21. Section 12.G of the Act states that it shall be a violation of the provisions of this 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.” 815 ILCS 5/12.G.

22. By virtue of this foregoing conduct, Respondents violated Sections 12.D and 12.G of the Act.

## **II. FAILURE TO REGISTER SECURITIES**

- 1-18. Paragraphs 1-18 are re-alleged and incorporated by reference.
19. The activities described above constitute the offer and sale of a investment contract and 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 5/1 *et. seq.*] (the "Act").
20. 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.
21. Respondents failed to file with the Secretary of State an application for registration of the securities described above as required by the Act and, as a result, the security was not registered pursuant to Section 5 of the Act prior to its offer in the State of Illinois.
22. 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.”
23. 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.”
24. By virtue of the foregoing, Respondent violated Sections 12.A and 12.D of the Act.

### **Count III**

#### **UNREGISTERED DEALER/SALESPERSON**

- 1-18. Paragraphs 1-18 are re-alleged and incorporated by reference.
19. Through the conduct described in paragraphs three (3) through eight (8), the respondent acted as a dealer and/or salesperson for the investment contracts to investors.

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20. That 12.C of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to act as a dealer, salesperson unless registered such, where such registration is required under this Act.
21. That at all relevant times, the respondents were not registered as a dealer and/or salesperson under the Act.
22. That by acting as a salesperson and/or dealer and an investment advisor and/ or investment advisor in the State of Illinois, without being registered as such, respondent violated section 12.C of the Act.

**Count IV**

**VIOLATION OF ORDER OF PROHIBITION**

- 1-18. Paragraphs 1-18 are re-alleged and incorporated by reference.
19. That on March 3, 1990, an Order of Prohibition (“1990 Order”) was served on the respondent Richard J. Osty, prohibiting him from offering or selling securities in the State of Illinois.
20. That beginning in 2006 and continuing through 2009, respondent offered and sold Investment Contracts to investors in the State of Illinois.
21. That the respondent violated both the 1990 Order by offering and selling securities in the State of Illinois without complying with the Act.
22. 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.”
23. 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.”
24. That by virtue of the foregoing violations of the 1990, respondent violated Sections 12.A and 12.D of the Act.
25. The aforementioned findings are based upon credible evidence.
26. Section 11.F(2) of the Act provides, *inter alia*, that the Secretary of State may temporarily prohibit the offer or sale of securities by any person, without notice and prior hearing, if the Secretary of State shall deem it necessary to prevent an imminent violation of the Act or to prevent losses to investors that will occur as a result of prior violations of the Act.

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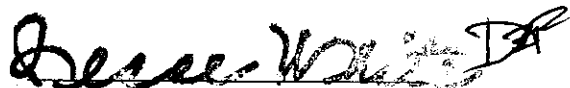
27. The entry of this **Temporary Order of Prohibition** prohibiting Respondents, or their agents, affiliates, successors and employees, from offering or selling securities in the State of Illinois is in the public interest and for the protection of the investing public and is consistent with the purposes intended by the provisions of the Act.

NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, Respondents Richard J. Osty, Ronald Moore, RO Financial Group, LLC, and his/its partners, members, officers, directors, agents, employees, affiliates, successors and assigns, Heritage Community Homes, and his/its partners, members, officers, directors, agents, employees, affiliates, successors and assigns, and RKM Inc. and his/its partners, members, officers, directors, agents, employees, affiliates, successors and assigns, Building Design Systems, LLC and his/its partners, members, officers, directors, agents, employees, affiliates, successors and assigns, are **Temporarily Prohibited** from offering or selling securities in or from this State until the further Order of the Secretary of State.

NOTICE is hereby given that Respondent may request a hearing on this matter by transmitting such request in writing to the Director, Illinois Securities Department, 69 West Washington Street, Suite 1220, Chicago, Illinois 60602. Such request must be made within thirty (30) calendar days of the date of entry of the **Temporary Order of Prohibition**. Upon receipt of a request for hearing, a hearing will be scheduled as soon as reasonably practicable. A request for hearing will not stop the effectiveness of this Temporary Order of Prohibition and will extend the effectiveness of this Temporary Order of Prohibition for ninety (90) days from the date the hearing request is received by the Department.

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

Dated: This 10<sup>th</sup> day of March 2010.



JESSE WHITE  
Secretary of State  
State of Illinois

Attorney for the Secretary of State:  
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