

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: LEGACY FINANCIAL INSTITUTE,)
ITS OFFICERS, DIRECTORS,) File No.9900449
EMPLOYEES, AGENTS, AFFILIATES,)
SUCCESSORS AND ASSIGNS AND)
NANETTE MARIANI AND)
MICHAEL CRAMER)

ORDER

TO THE RESPONDENT: Legacy Financial Institute
901 East Grove Street Suite D-2
Bloomington, Illinois 61701

WHEREAS, the record of the above-captioned matter has been reviewed by the Secretary of State or his duly authorized representative;

WHEREAS, the rulings of the Hearing Officer on the admission of evidence and all motions are deemed to be proper and are hereby concurred with by the Secretary of State;

WHEREAS, the proposed Findings of Facts, Conclusions of Law and Recommendation of the Hearing Officer, Thomas Londrigan, Jr., in the above-captioned matter have been read and examined; and

WHEREAS, the proposed Findings of Fact are correct and are adopted by the Secretary of State as follows:

1. The evidence, exhibits and testimony have been offered and received from all parties and a proper record of all proceedings has been made and preserved as required.
2. The Hearing Officer has ruled on all motions and objections timely made and submitted.
3. The Hearing Officer and the Secretary of State, Illinois Securities Department have jurisdiction over the parties herein and the subject matter dealt with herein, due and proper notice having been previously given as required by statute in this case.
4. As no Answer was filed, the Respondent is therefore deemed to be in default.
5. That at all times relevant hereto, the Respondent, Legacy Financial Institute, maintained a last known

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business address of 901 E. Grove St. Suite D-2, Bloomington, Ill 61701.

6. That 815 ILCS 5/2.1 defines the term "security" as a any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit sharing agreement, collateral trust certificate, preorganization certificate or subscription, transferable share, investment contract, investment fund share, face-amount certificate, voting trust certificate, certificate of deposit, certificate of deposit for a security, fractional undivided interest in oil, gas or other mineral lease, right or royalty, any put, call, straddle, option, or privilege on any security, certificate of deposit, or group of or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option or privilege entered into, relating to foreign currency, or in general, any interest or instrument commonly known as a 'security', or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing, "Security" does not mean a mineral investment contract or a mineral deferred delivery contract; provided, however, the Department shall have authority to regulate these contracts as hereinafter provided.
7. That 815 ILCS 5/2.5 defines the term "Sale" or "Sell" to have the full meaning of that term as applied by or accepted in the courts of this State, and shall include every contract of sale or disposition of a security or interest in a security for value. Any security given with or as a bonus on account of any purchase of securities or property shall be conclusively presumed to constitute a part of the subject of such purchase and shall be deemed to have been sold within the meaning of this Section. A privilege to convert a security into another security shall not be deemed a sale of such other security, provided no consideration from the holder in addition to the surrender or cancellation of the convertible is required to effect the conversion.
8. That 815 ILCS 5/5 provides, inter alia, that all securities 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 certificate contracts required to be registered under Section 6 of the Act, or investment fund shares required to be

- registered under Section 7 of the Act, shall be registered either by coordination or by qualification, as hereinafter in this Section provided, prior to their offer or sale in this State.
9. That during the years of 1998 and 1999, the Respondent sold securities to Illinois investors as defined by the Act.
 10. That at all times relevant hereto, the Respondent sold securities or offered to sell securities without first having registered the security with the Illinois Secretary of State as is required under the Act.
 11. That 815 ILCS 5/12.A provides, inter alia, that it shall be a violation of the provisions of the Act for any person to offer or sell any security except in accordance with the Act.
 12. That 815 ILCS 5/12.D provides, inter alia, that it shall be a violation of the provisions 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 pursuant to the Act or to fail to comply with the terms of any order of the Secretary of State issued pursuant to Section 11 thereof.
 13. That by virtue of the foregoing, the Respondent has violated Sections 12.A and 12.D of the Act.
 14. That 815 ILCS 5/11.E(2) provides that if the Secretary of State shall find that any person has violated subsection C, D, E, F, G, H, I, J or K of Section 12 of the Act, the Secretary of State may by written order temporarily or permanently prohibit or suspend the person from offering or selling any securities, any mineral investment contract, or any mineral deferred delivery contract in this State, provided that that any person who is the subject of an order of permanent prohibition may petition the Secretary of State for a hearing to present evidence of rehabilitation or change of circumstances justifying the amendment or termination of the permanent prohibition.
 15. The entry of a Final Order of Prohibition is proper in this case given the conduct of the Respondent as described in Secretary of State Exhibits 1-24, as well as the fact that the Respondent failed to appear at the hearing and properly answer the charges.

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WHEREAS, the proposed Conclusions of Law are correct and are adopted by the Secretary of State as follows:

1. After proper notification, the Complainant may proceed with a hearing in the Respondent's absence. (735 ILCS 5/1-105 and 5/2-1301; Ryan v. Bening, 1978, 22 Ill. Dec. 873, 66 Ill. App.3d 127, 383 N.E.2d 681; Koenig v. Nardullo, 1968, 99 Ill. App. 480, 241 N.E.2d 567; In Re the Marriage of Garde, 1983, 73 Ill. Dec. 816, 118 Ill. App. 3d 303, 454 N.E. 2d 1065.) Significantly, the Notice of Hearing outlines that a default judgment may be entered against a Respondent who fails to appear or answer the charges.
2. That Respondent failed to register a security as defined by 815 ILCS 5/2.1 and 815 ILCS 5/5 and the Respondent sold securities as defined by 815 ILCS 5/2.5. The Respondent's failure to register a security is a violation of 815 ILCS 5/12.D. The Respondent's selling of an unregistered security is in violation of 815 ILCS 12.A.
3. That by virtue of the foregoing, the Respondent is subject to an Order of Prohibition in the State of Illinois and/or granting such other relief as may be authorized under the Act.
4. Because of the findings of the Hearing Officer's Report and Recommendation, the evidence admitted as Secretary of State Exhibits #1-24, as well as the fact that the Respondent failed to answer the charges or appear at the hearing, the entry of a written Order of Prohibition pursuant to 815 ILCS 5/11.E(2) which permanently prohibits the offer or sale of securities by the Respondents in the State of Illinois is proper in this case.

NOW THEREFORE IT IS HEREBY ORDERED: That pursuant to the foregoing Findings of Fact, Conclusions of Law, and Recommendation of the Hearing Officer, Legacy Financial Institute, its officers, directors, employees, agents, affiliates, successors and assigns are PERMANENTLY PROHIBITED from offering or selling securities in the State of Illinois.

ENTERED: This *22nd* day of *January*, 2003

Jesse White *JW*

JESSE WHITE
Secretary of State
State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12.D of the Illinois Securities Law of 1953, as amended, 815 ILCS 5/1 et seq. (the "Act"). Any person or entity who 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.

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. I, 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.

Attorney for the Secretary of State:
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