

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

INSIDER REAL ESTATE, its partners, officers and directors, )  
agents, employees, affiliates, successors and assigns; SCANLAN )  
REALTY & INVESTMENTS, LTD., its partners, officers and )  
directors, agents, employees, affiliates, successors and assigns, )  
CHRISTOPHER SCANLAN, individually. )

FILE NO. 0700061

NOTICE OF HEARING

TO THE RESPONDENTS: Insider Real Estate.  
c/o Christopher Scanlan  
735 McArdle Drive, Suite A  
Crystal Lake, Illinois 60014

Scanlan Realty & Investments, LTD.  
c/o Christopher Scanlan  
735 McArdle Drive, Suite A  
Crystal Lake, Illinois 60014

Christopher Scanlan  
735 McArdle Drive, Suite A  
Crystal Lake, Illinois 60014

You are hereby notified that pursuant to Section 5-65 of the Business Opportunity Sales Law of 1995 [815 ILCS 602] (the "Act") and 14 Ill. Adm. Code 130, Subpart K, a public hearing will be held at 69 West Washington Street, Suite 1220, Chicago, Illinois 60602, on the 12<sup>th</sup> day of September, 2007, at the hour of 10:00 a.m., or as soon thereafter as counsel may be heard, before James L. Kopecky or such other duly designated Hearing Officer of the Secretary of State. A copy of the Rules under the Act pertaining to contested cases is attached to this Notice.

Said hearing will be held to determine whether a permanent Order to Cease and Desist from offering or selling business opportunities in the State of Illinois shall be entered against Christopher Scanlan, individually, Insider Real Estate, and Scanlan Realty & Investments, Ltd., its owners/proprietors or officers and directors, employees, successors and assigns and/or granting such other relief as may be authorized under the Act.

**COUNT I**  
**Unregistered Business Opportunity**

1. That Respondent Insider Real Estate (Insider) is a business entity maintaining its principal office at 735 McArdle Drive, Suite A, Crystal Lake, Illinois 60014.
2. That Respondent Scanlan Realty & Investments, LTD (Scanlan Realty) is a business entity, maintaining its principal office at 735 McArdle Drive, Suite A, Crystal Lake, Illinois 60014.
3. That Respondent Christopher Scanlan, a Real Estate Broker licensed in the State of Illinois, an individual (Scanlan), is the CEO and/or principal of Insider and Scanlan Realty (collectively Respondents), maintaining his principal office at 735 McArdle Drive, Suite A, Crystal Lake, Illinois 60014.
4. That during January 2005, the Respondents placed advertisements (the "Ad") on the radio. Said radio station broadcast within the State of Illinois.
5. That one Ad touted learning how to make money in real estate and to call the toll free number provided by the broadcast, 1-888 50-INSIDER to attend a free seminar.
6. That at the same time, respondent Christopher R. Scanlan was claiming on the Insider Real Estate website ([www.insiderseminars.com](http://www.insiderseminars.com)): "Foreclosures equal a multi-trillion dollar industry with very few people who really know how to profit from it. Become an INSIDER and learn the secrets others won't tell you...It's simple...listen to my advice and work hard at it, you should have no problems making \$18K to \$25K per deal, on average, 92% of Attendees go out and purchase at least one piece of property."
7. That at least one Illinois resident responded to the Ad.
8. That on or about February 16, 2005, the Respondents held a free Seminar hosted by Respondent Insider at the Oak Brook Premium Hotel, 17 West 350 22<sup>nd</sup> Street, Oakbrook Terracc, Illinois.
9. That at the Seminar, attendees were offered the opportunity to purchase the "Insider Program" at a cost of \$3500.00. Scanlan told the prospective Purchasers of the Insider Program that Purchasers would be taught all the necessary methods to profit in the foreclosure business. He said he would provide financing on the deals they found, if they could not finance the deal themselves. Prospective Purchasers were also told that Scanlan's mentoring was the key to success that Purchasers would be working on computers, the phone and practicing what was taught. Additionally at least one Illinois resident "Purchaser(s)" were assured that Purchasers could earn the cost of the Insider Program back on the first sale.

10. That on about February 25, 2005, at least one Illinois resident "Purchaser(s)" purchased the Insider Program held on February 25 and 26, 2006 at the Radison, Schaumburg, 1725 E. Algonquin Rd., Schaumburg, IL 60173. Purchaser(s) paid \$3500.00 in consideration thereof.
11. That at the Insider Program, Scanlan told the Purchaser(s) that Purchaser(s) would get Multiple Listing Services (MLS) access, necessary to determine a property's market value.
12. That at the Insider Program, Scanlan told Purchaser(s) that if Purchaser(s) arranged appointments with Scanlan for potential clients facing foreclosure, Purchaser(s) would profit in one of the following ways: by profiting on a short sale, "flipping" the property to one of his real estate investors; or by getting a commission from listing the property on the Scanlan Realty MLS. Scanlan claimed that his established network of real estate investors, agents, attorneys, and accounts would aid in the Purchaser(s)' success.
13. That Section 5-5.10(a)(6) of Business Opportunity Sales Law of 1995, [815 ILCS 602 et seq.] (the "Act") provides, inter alia, that a business opportunity is a contract or agreement, between a seller and purchaser, express or implied, orally or in writing, wherein it is agreed that the seller or a person recommended by the seller shall provide to the purchaser any product, equipment, supplies or services enabling the purchaser to start a business when the purchaser is required to make a payment to the seller or a person recommended by the seller of more than \$500 and the seller represents directly or indirectly, orally or in writing, that the seller or a person recommended by the seller will provide a marketing plan.
14. That the Insider Program, described in paragraphs nine through twelve (9-12), constitutes a business opportunity as that term is defined in Section 5-5.10 of the Act.
15. That the activities described in paragraphs five through ten (5-10) constitute an offer and a sale as those terms are defined under Section 5-5.20 of the Act.
16. That the activities described in paragraphs nine, eleven and twelve (9, 11 and 12) constitute a marketing plan as that term is defined under Section 5-5.15 (6) of the Act.
17. That the activities described in paragraphs eleven and twelve (11-12) constitute the Seller providing or assisting the buyer in finding outlets or accounts for the purchasers services as that term is defined under Section 5-5.15 (2) of the Act.
18. That the activities described in paragraphs eleven and twelve (11-12) constitute the Seller providing or assisting the buyer in finding outlets or accounts for the purchasers services as that term is defined under Section 5-5.15 (3) of the Act.

19. That Section 5-25 of the Act provides, inter alia, that it is unlawful for any person to offer any business opportunity in this State unless the business opportunity is registered under the Act or is exempt under Section 5-10 of the Act.
20. That at all relevant times, Respondent, Insider Real Estate, Respondent Scanlan Realty & Investments, LTD., and Respondent Christopher Insider Real Estate (Insider) and Respondent Scanlan Realty & Investments, LTD. Scanlan., their officers and directors, agents, employees, affiliates, successors and assigns, failed to register the business opportunity described in paragraph six (6) as required - pursuant to Section 5-25 of the Act.
21. That, by virtue of the foregoing, the Respondents violated Section 5-25 of the Act.

**COUNT II**  
**Disclosure Requirements**

- 1-14. That paragraphs one (1) through fourteen (14) of Count I are realleged and incorporated herein as paragraphs one (1) through (13) of this Count II.
15. That Section 5-35(a) of the Act provides it is unlawful for any person to offer or sell any business opportunity required to be registered under this Law unless a written disclosure document as filed under subsection (a) of Section 5-30 of this Law is delivered to each purchaser at least 10 business days prior to the execution by a purchaser of any contract or agreement imposing a binding legal obligation on the purchaser or the payment by a purchaser of any consideration in connection with the offer or sale of the business opportunity.
16. That the Respondents failed to provide purchasers of the Insider Program, described at paragraphs ten (10), with a disclosure document.
17. That by virtue of the foregoing, the Respondents violated Section 5-35(a) of the Act.

**COUNT III**  
**Contract Requirements**

- 1-14. That paragraphs one (1) through fourteen (14) of Count I are realleged and incorporated herein as paragraphs one (1) through fourteen (14) of this Count III.

15. That Sec. 5-40. Contract or agreement provisions of the Act provides:
- (a) It is unlawful for any person to offer or sell any business opportunity required to be registered unless the business opportunity contract or agreement is in writing and a copy of the contract or agreement is given to the purchaser at the time the purchaser signs the contract or agreement.
  - (b) Contracts or agreements shall set forth in at least ten-point type or equivalent size, if handwritten, the following:
    - (1) The terms and conditions of any and all payments due to the seller;
    - (2) The seller's principal business address and the name and address of the seller's agent in this State authorized to receive service of process;
    - (3) The business form of the seller, whether corporate, partnership, or otherwise;
    - (4) The delivery date or, when the contract provides for a periodic delivery of items to the purchaser, the approximate delivery date of the product, equipment, or supplies the seller is to deliver to the purchaser to enable the purchaser to start his or business; and
    - (5) Whether the product, equipment, or supplies are to be delivered to the purchaser's home or business address or are to be placed or caused to be placed by the seller at locations owned or managed by persons other than the purchaser.
16. That the Respondents failed to provide purchasers of the Insider Program described at paragraphs seven and eight (7 & 8) with a written contract.
17. That by virtue of the foregoing, the Respondents violated Section 5-40(a) and (b) of the Act.

**COUNT IV  
Fraudulent Practices**

- 1-14. That paragraphs one (1) through fourteen (14) of Count I are realleged and incorporated herein as paragraphs one (1) through fourteen (14) of this Count V.

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15. That Section 5-95(2) of the Act provides, inter alia, it is unlawful for any person, in connection with the offer or sale of any business opportunity in this State, directly or indirectly: To make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.
16. That at the Insider Program, Scanlan told the Purchaser(s) that Purchaser(s) would get Multiple Listing Services (MLS) access, necessary to determine a property's market value. The Respondents failed to disclose prior to purchase that Scanlan could not and had not put in place MLS access to Purchaser(s) through Scanlan's and/or Scanlan Realty's MLS account.
17. That by virtue of the foregoing, the Respondents violated Section 5-95(2) of the Act.
18. Scanlan assured the Purchasers of the Insider Program that they would be taught all the necessary methods to profit in the foreclosure business, that they would be working on computers, the phone and practicing what was taught through "hands on" example. Purchasers never worked on computers, the phone, nor were they given the promised real time training.
19. That Section 5-95(3) of the Act further provides it is unlawful for any person, in connection with the offer or sale of any business opportunity in this State, directly or indirectly: To engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person.
20. That by virtue of the foregoing, the Respondents violated Section 5-95(3) of the Act.

You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 Ill. Adm. Code 130) (the "Rules"), to file an answer to the allegations outlined above within thirty (30) days of the receipt of this notice. A failure to file an answer or otherwise plead within the prescribed time shall constitute a default.

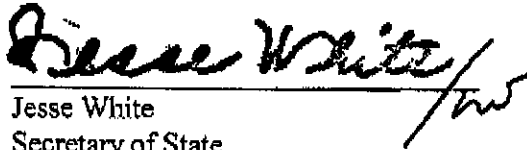
Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute default, unless any Respondent has upon due notice moved for and obtained a continuance.

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A copy of the Rules pertaining to Hearings held by the Office of the Secretary of State, Securities Department, is included with this Notice.

DATED: This 13<sup>th</sup> day of July, 2007.

  
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Jesse White  
Secretary of State  
State of Illinois

Attorney for the Secretary of State:

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