UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

SECURITIES AND EXCHANGE COMMISSION,	
Plaintiff,	**Case No. 1:09-cv-5644**
v.	
ROBERT D. FALOR	**JURY TRIAL DEMANDED**
Defendant,	
and	
JENNIFER L. FALOR,	
Relief Defendant.	

COMPLAINT

Plaintiff Securities and Exchange Commission ("Commission") alleges as follows:

NATURE OF THE ACTION

1. The Commission brings this action to enjoin Robert D. Falor ("Falor") from violating the antifraud provisions of the federal securities laws and to seek civil penalties, disgorgement, and prejudgment interest on ill-gotten gains, in connection with the offer and sale of approximately $9 million of securities to approximately 55 investors located in twelve states in the form of membership interests in various limited liability companies controlled and operated by Robert D. Falor ("Falor").

2. From approximately July 2004 through April 2005, Falor, individually and through the Falor Companies, Inc. ("Falor Companies"), offered and sold approximately $9 million in securities in at least three limited liability companies: Printers Row Investors, LLC, South Beach Investors, LLC, and Tides Hotel Investors, LLC (collectively the "Investors LLCs") for the purported purpose of converting the Hyatt Printer's Row Hotel, the Edison and Breakwater Hotels, and the Tides Hotel, respectively, into hotel-condominiums (collectively the "conversion projects"). The Investors LLCs were controlled by Falor through Printers Row Manager, LLC, South Beach Manager, LLC, and Tides Hotel Manager, LLC (collectively the "Manager LLCs"). The purported purpose of the Manager LLCs was to manage the hotel properties and the conversion projects.

3. Falor prepared and authorized the issuance to investors of various written offering materials for the Investors LLCs. Falor also made certain oral presentations to investors concerning the Investors LLCs. The written offering materials and Falor himself stated that the investors' funds would be used to buy old hotels, convert them to hotel-condominiums and to sell the hotel-condominium units at a profit, and to then pay promised returns ranging from 50% to 120% over a two-year period.

4. Contrary to these false representations, Falor used investor funds to make payments to himself and Relief Defendant Jennifer L. Falor ("Jennifer Falor"), to buy expensive cars, to lease private airplanes, to finance other unrelated real estate projects, and to pay unrelated business debts. In fact, in many instances, Falor misappropriated investors' funds within a few days of the receipt of these funds. In addition, Falor also used investor funds to make payments to his brother, who acted as the general contractor

for the conversion projects. Falor did not tell investors about his brother's lack of building contractor experience or that his brother had been criminally convicted for credit card fraud. In total, Falor spent at least $4.6 million of Investors LLCs' funds for his own benefit, and for the benefit of Relief Defendant Jennifer L. Falor.

5. Between approximately June 10, 2005 and December 16, 2005, Falor also made misrepresentations to the investors to conceal his fraud. For example, through conference calls and written documents, Falor provided investors with false information concerning the progress of the hotel-condominium conversion projects. The false information included, misrepresentations regarding the percentage of hotel-condominium units sold and percentage of the completion of the hotel-condominium renovation, and for the Hyatt Printer's Row Hotel, a premature claim of ownership.

6. Falor's misappropriation of investor funds contributed to the failure of the conversion projects because there were insufficient funds to complete the projects. All of the properties that were the subject of the purported conversion projects have been sold and any funds received from these sales by the Investors LLCs were distributed for the benefit of Falor, not the investors.

7. The Commission seeks a permanent injunction against Defendant Falor to restrain and enjoin him from any future violations of Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §77q(a)], Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §78j(b)] and Rule 10b-5 thereunder [17 C.F.R. §240.10b-5]. The Commission further seeks the imposition of civil penalties against Defendant Falor pursuant to Section 20(d) of the Securities Act [15 U.S.C. §77t(d)] and Section 21(d) of the Exchange Act [15 U.S.C. §78u(d)]. The Commission also seeks an

order requiring Defendant Falor and Relief Defendant Jennifer Falor to pay disgorgement, plus prejudgment interest on all ill-gotten gains they received.

DEFENDANT

8. Robert D. Falor, age 41, is a resident of Chicago, Illinois. Falor was the President and Chief Executive Officer of the Falor Companies, Inc. The Falor Companies was an Illinois corporation formed in November 1999 with its principal place of business in Chicago, Illinois. The Falor Companies was purportedly in the business of converting old hotels to hotel-condominiums for resale. Falor is not licensed to sell securities. Falor controlled Printers Row Investors, LLC, South Beach Investors, LLC, Tides Hotel Investors, LLC, Printers Row Manager, LLC, South Beach Manager, LLC, and Tides Hotel Manager, LLC.

RELIEF DEFENDANT

9. Jennifer L. Falor, age 41, is a resident of Winnetka, Illinois and was Robert Falor's wife during the relevant period of time. At least $930,000 of the Investors LLCs' funds were transferred to or spent for her benefit.

JURISDICTION

10. The Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act [15 U.S.C. §77v(a)] and Sections 21(e) and 27 of the Exchange Act [15 U.S.C. §§78u(e) and 78aa]. Venue is proper in this Court pursuant to Section 22(a) of the Securities Act [15 U.S.C. §77v(a)] and Section 27 of the Exchange Act [15 U.S.C. §78aa].

11. The acts, transactions, practices, and courses of business constituting the violations alleged herein occurred within the jurisdiction of the United States District Court for the Northern District of Illinois and elsewhere.

12. Defendant Robert Falor, directly and indirectly, has made use of the means and instrumentalities of interstate commerce, the means and instruments of transportation and communication in interstate commerce, and the mails, in connection with the acts, transactions, practices, and courses of business alleged herein.

DEFENDANT ROBERT D. FALOR RAN A MULTI-MILLION DOLLAR INVESTMENT FRAUD SCHEME THROUGH THE PRIVATE OFFER AND SALE OF MEMBERSHIP INTERESTS IN THE INVESTORS LLCS

Tides Hotel Investors, LLC

13. On or about October 29, 2004, Tides Hotel Property, LLC, a Delaware limited liability company, was formed by Tides Hotel Investors, LLC, a Delaware limited liability company controlled by Falor and T-C Partners-III, LLC (T-C Partners), a limited liability company not controlled by Falor. T-C Partners owned 50.1% of the membership interest in Tides Hotel Property, LLC and Tides Hotel Investors, LLC owned the remaining 49.9%. Pursuant to the Tides Hotel Property, LLC operating agreement, its purpose was to acquire, renovate, and convert the Tides Hotel located in Miami, Florida, into a hotel-condominium and sell the conversions. T-C Partners had the sole legal authority to acquire, manage, and sell the Tides Hotel Property, LLC. Tides Hotel Investors, LLC was the managing member of the Tides Hotel Property, LLC.

14. Pursuant to the Tides Hotel Investors, LLC operating agreement, its purpose was to operate as an investment vehicle to acquire membership interest in Tides Hotel Property, LLC for the acquisition, renovation, and conversion of the Tides Hotel located in Miami, Florida. Tides Hotel Investors, LLC's securities offerings were not

registered under the Securities Act. The Tides Hotel Investors, LLC was managed by Tides Hotel Manager, LLC, a Delaware limited liability company. The Tides Hotel Manager, LLC was controlled by Falor. Pursuant to the Tides Manager, LLC operating agreement, its purpose was to manage the Tides Hotel and complete the hotel-condominium conversion project.

15. In the fall of 2004, Falor, individually and through the Falor Companies, began soliciting investors to buy membership interests in Tides Hotel Investors, LLC. Falor prepared various Tides Hotel Investors, LLC written offering materials and authorized the issuance of these materials to investors. The offering materials stated the investors' funds would be used to purchase the Tides Hotel and to convert it to a hotel-condominium. Falor also provided investors with financial projections that included a fifty percent return within two years.

16. Between approximately November 9, 2004 and December 6, 2004, Falor raised approximately $2.8 million from approximately twenty-six investors through the sale of membership interests in Tides Hotel Investors, LLC.

17. On or about November 10, 2004, Tides Hotel Property, LLC purchased the Tides Hotel. Falor used approximately $650,000 of Tides Hotel Investors, LLC funds raised from investors to purchase the Tides Hotel.

18. Between approximately November 12, 2004 and January 10, 2005, Falor misappropriated at least $1.8 million of Tides Hotel Investors, LLC funds for his personal benefit, to fund other unrelated real estate projects, to lease private airplanes, and to pay unrelated business expenses.

19. For example, Falor signed account opening documents for the Tides Manager, LLC bank account at Fidelity Bank located in Birmingham, Michigan on or about November 9, 2004. Between approximately November 9 and 12, 2004, twelve investors transferred a total of approximately $1,711,000 to the Tides Manager, LLC bank account for membership interests in Tides Investors, LLC. Between approximately November 9 and November 12, 2004, only investor funds were deposited into the Tides Managers, LLC bank account.

20. On or about November 12, 2004, Falor directed the wire transfer of $560,000 from the Tides Manager, LLC bank account to Relief Defendant Jennifer Falor.

21. Between approximately November 15 and 17, 2004, five additional investors transferred a total of $375,000 to the Tides Manager, LLC bank account for membership interests in Tides Investors, LLC. The only other deposit made into the Tides Manager, LLC bank account during this time period was a $60,767.47 deposit from Falor's lawyers.

22. On or about November 17, 2004, Falor directed the wire transfer of $300,000 from the Tides Manager, LLC bank account to Relief Defendant Jennifer Falor.

23. On or about June 8, 2005, Relief Defendant Jennifer Falor used the $860,000 she received from Tides Hotel Investors, LLC investor money to make a down payment for the purchase of a multimillion dollar home located in Winnetka, Illinois.

24. Between approximately December 1 and 6, 2004, seven additional investors transferred a total of $450,000 to the Tides Manager, LLC bank account for membership interests in Tides Investors, LLC.

25. On or about November 24, 2004, Falor signed account opening documents for a bank account in the name of Investment Interest Partnership at Fidelity Bank located in Birmingham, Michigan. On or about December 14 and 17, 2004, Falor directed the issuance of two checks totaling $675,000 of investor funds from the Tides Manager, LLC bank account to the Investment Interest Partnership bank account. Between approximately November 24, 2004 and December 21, 2004, no other deposits were made into the Investment Interest Partnership bank account.

26. On or about December 14, 2004, Falor directed the wire transfer of $250,000 from the Investment Interest Partnership bank account to a Falor business associate for repayment of a loan made to another failing Falor hotel-condominium conversion project.

27. On or about December 15, 2004, Falor directed the wire transfer of $50,000 from the Investment Interest Partnership bank account to pay a Falor business associate for a business expense unrelated to the Tides Hotel conversion project.

28. On or about December 21, 2004, Falor directed the wire transfer of $192,663.10 from the Investment Interest Partnership bank account to pay for the lease of private airplanes.

29. Between approximately July 15, 2005 and September 26, 2005, Falor, through conference calls and written documents, provided investors with false information concerning the progress of the Tides Hotel conversion and the percentage of hotel-condominium units sold. Falor gave these representations to investors to lull them into believing that their investments were being used to complete the Tides Hotel conversion project and to cover up his fraudulent conduct.

30. After several years of mismanagement of the Tides Hotel conversion project by Falor, T-C Partners removed Tides Hotel Investors, LLC as managing member, took over the project, and sold the Tides Hotel. Tides Hotel Investors, LLC received approximately $600,000 from the sale. Falor, however, did not distribute any of these proceeds to the investors and instead wired the money to a South Beach Investors, LLC bank account at Citibank located in Miami, Florida. The twenty-six persons who invested in Tides Hotel Investors, LLC have never been repaid the approximately $2.8 million they paid for their investments in Tides Investors, LLC.

Printers Row Investors, LLC

31. On or about May 18, 2004, Printers Row, LLC, an Illinois limited liability company, was formed by Printers Row Investors, LLC, an Illinois limited liability company controlled by Falor, and Marc Hotel, LLC, a limited liability company not controlled by Falor. Printers Row Investors, LLC owned sixty-five percent of the membership interests in Printers Row, LLC and Marc Hotel, LLC owned thirty-five percent. Pursuant to the Printers Row, LLC operating agreement, its purpose was to acquire, renovate, and convert the Hyatt Printer's Row Hotel (now known as the Blake Hotel) located in Chicago, Illinois, into a hotel-condominium and sell the conversion units.

32. Pursuant to the Printers Row Investors, LLC operating agreement, its purpose was to invest funds in Printers Row, LLC for the acquisition, renovation, and conversion of the Hyatt Printer's Row Hotel located in Chicago, Illinois. Printers Row Investors, LLC's securities offerings were not registered under the Securities Act. Printers Row Investors, LLC was managed by Printers Row Manager, LLC, an Illinois

limited liability company. Printers Row Manager, LLC was controlled by Falor. Pursuant to the Printers Row Manager, LLC operating agreement, its purpose was to manage the Hyatt Printer's Row Hotel and complete the hotel-condominium conversion project.

33. On or about June 15, 2004, Printers Row, LLC entered into an Installment Agreement to make payments towards the purchase of the Hyatt Printer's Row Hotel.

34. In the summer of 2004, Falor, individually and through the Falor Companies, began soliciting investors to buy membership interests in Printers Row Investors, LLC.

35. Falor prepared various Printer Row Investors, LLC written offering materials and authorized the issuance of these materials to investors. These offering materials stated that the funds would be used to purchase the Hyatt Printer's Row Hotel and to convert it to a hotel-condominium. Falor also provided investors with financial projections that included a two hundred percent return within twelve to eighteen months. Falor also told investors that Printers Row, LLC owned the Hyatt Printer's Row Hotel, but this was not the case. In reality, Printers Row, LLC had only entered into an installment agreement to make payments towards the purchase of the hotel.

36. Between approximately July 2, 2004 and January 20, 2005, Falor raised approximately $2.25 million from approximately twenty-four investors through the sale of membership interests in Printers Row Investors, LLC.

37. Rather than using the Printers Row Investors, LLC's funds to make the required installment payments and renovate the Hyatt Printer's Row Hotel, Falor misappropriated at least $1.2 million of the investor funds to purchase luxury cars, to

fund other hotel-condominium projects, to fund unrelated real estate projects, and to pay unrelated business expenses.

38. For example, on or about July 1, 2004, Falor signed account opening documents for the Printers Row Investors, LLC bank account at Fidelity Bank located in Birmingham, Michigan. The Printers Row Investors, LLC bank account was opened with a $20 deposit. Between approximately July 2 and July 15, 2004, Investors A, B, and C wired a total of $250,000 to the Printers Row Investors, LLC bank account for membership interests in Printers Row Investors, LLC. The only other deposit made into the Printers Row Investors, LLC bank account during this time period was a $100 deposit from a Falor business associate.

39. On or about July 15, 2004, Falor directed a wire transfer of $150,000 from the Printers Row Investors, LLC's bank account to fund another failing Falor hotel-condominium conversion project.

40. On or about July 16 and July 19, 2004, Investors D and E wired a total of $150,000 to the Printers Row Investors, LLC bank account for membership interests in Printers Row Investors, LLC. Between approximately July 16 and July 20, 2004, only investor funds were deposited into the Printers Row Investors, LLC bank account.

41. On or about July 20, 2004, Falor directed the issuance of a check for $250,000 from the Printers Row Investors, LLC's bank account to a Falor business associate for the repayment of a loan made to another failing Falor hotel-condominium conversion project.

42. Between approximately July 22, 2004 and March 9, 2005, two additional investors wired a total of $300,000 to Printers Row Investors, LLC for the purchase of

membership interests. Falor purportedly "rejected" these investors. Pursuant to the subscription agreements for Printers Row Investors, LLC, if an investor was rejected, his or her payment was to be returned. Instead of returning these funds to the rejected investors, Falor misappropriated these funds for his personal use and to pay unrelated business expenses.

43. For example, on or about September 3, 2004, Falor directed the issuance of a check for $200,000 of investor funds from the Printers Row Investors, LLC bank account to another failing Falor hotel-condominium conversion project.

44. On or about October 14 and 15, 2004, Falor used Printers Row Investors, LLC investor money to pay $47,675.92 for the purchase of a Bentley automobile.

45. On or about November 15, 2004, Falor used Printers Row Investors, LLC investor money to pay $70,243.50 to purchase a Range Rover automobile for Relief Defendant Jennifer Falor.

46. Between approximately June 10, 2005 and October 20, 2005, Falor, in conference calls and written documents, provided investors with false information concerning the progress of the Printers Row hotel-condominium conversion project and percentage of hotel-condominium units sold, and made premature claims of ownership for the Hyatt Printer's Row Hotel. Falor made these representations to investors to lull them into believing that their investments were being used to complete the Hyatt Printer's Row conversion project and to cover up his fraudulent conduct.

47. Falor's misappropriation of investor funds contributed to Printers Row, LLC's inability to make payments required by the installment agreements and subsequent forbearance agreements. Eventually the hotel entered foreclosure. On or about July 1,

2008, after a public auction, the Hyatt Printer's Row Hotel was sold. The proceeds from the sale were paid to the mezzanine lender for the Printers Row conversion project. The twenty-four persons who invested in Printers Row Investors, LLC and the two rejected investors of Printers Row Investors, LLC have never been repaid the approximately $2.5 million they paid for their investments in Printers Row Investors, LLC.

South Beach Investor, LLC

48. On or about August 9, 2004, South Beach Hotel Investors, LLC, a Delaware limited liability company, was formed by South Beach Investors, LLC, a Delaware limited liability company controlled by Falor, and J.M. South Beach, LLC, a limited liability company not controlled by Falor. Each member owned fifty percent of the membership interests. Pursuant to the South Beach Hotel Investors, LLC offering agreement, its purpose was to acquire, renovate, and convert the Edison Hotel and Breakwater Hotel located in Miami, Florida, into a hotel-condominium and sell the conversions.

49. Pursuant to the South Beach Investors, LLC offering agreement, its purpose was to operate as an investment vehicle to acquire membership interests in South Beach Hotel Investors, LLC for its acquisition of the Edison Hotel and Breakwater Hotel. South Beach Investors, LLC's securities offerings were not registered under the Securities Act. South Beach Investors, LLC was managed by South Beach Manager, LLC, a Delaware limited liability company. South Beach Manager, LLC was controlled by Falor. Pursuant to the South Beach Manager, LLC offering agreement, its purpose was to manage the Edison Hotel and Breakwater Hotel and complete the hotel-condominium conversion project.

50. In late summer of 2004, Falor, individually and through the Falor Companies, began soliciting investors to buy membership interests in South Beach Investors, LLC. Falor prepared various South Beach Investors, LLC written offering materials and authorized the issuance of these materials to investors. The offering materials stated that the investors' funds would be used to purchase the Breakwater and Edison Hotels and to convert them to hotel-condominiums. Falor also provided investors with financial projections that included a guaranteed fifty percent return within twenty-four months.

51. Between approximately September 14, 2004 and April 18, 2005, Falor raised approximately $2.85 million from approximately twenty-three investors through the sale of membership interests in South Beach Investors, LLC.

52. On or about September 21, 2004, South Beach Hotel Investors, LLC purchased the Edison Hotel and Breakwater Hotel. Falor used approximately $700,000 of South Beach Investors, LLC funds raised from investors for the purchase the Edison Hotel and Breakwater Hotel.

53. Between approximately December 14 and 15, 2004, four additional investors transferred a total of $700,000 to the South Beach Investors, LLC bank account at Fidelity Bank located in Birmingham, Michigan to purchase membership interests in South Beach Investors, LLC. Falor purportedly "rejected" these investors in South Beach Investors, LLC. Pursuant to the subscription agreements for South Beach Investors, LLC, if an investor was rejected, his or her payment was to be returned. Instead of returning these funds to the rejected investors, Falor misappropriated these funds.

54. Between approximately October 20, 2004 and April 21, 2005, Falor misappropriated at least $1.6 million of South Beach Investors, LLC funds and used them to fund other hotel-condominium projects, to lease private airplanes, to pay family members, and to pay unrelated business expenses.

55. For example, between approximately October 20 and 26, 2004, Investors F, G, H, and I transferred a total of $410,000 to a bank account of a Falor business associate at Fidelity Bank located in Birmingham, Michigan to purchase membership interests in South Beach Investors, LLC.

56. On or about October 20, 2004, Falor directed a wire transfer of $50,000 of South Beach Investors, LLC investor funds from his business associate's account at Fidelity Bank to pay for the lease of private airplanes.

57. On or about October 25, 2004, Falor directed a wire transfer of $156,658.47 of South Beach Investors, LLC investor funds from his business associate's account at Fidelity Bank to fund another failing Falor hotel-condominium conversion project.

58. Between approximately December 6 and 15, 2004 Investors J, K, L, and M transferred a total of $350,000 to the South Beach Investors, LLC bank account for membership interests in South Beach Investors, LLC. On or about December 14 and 15, 2004, the four "rejected" investors of South Beach Investors, LLC transferred a total of $700,000 to the South Beach Investors, LLC bank account. Immediately prior to the transfer of funds to the South Beach Investors, LLC bank account by Investors J, K, L, and M and the four "rejected" investors of South Beach Investors, LLC, the bank account had a balance of approximately $1,470. Between approximately December 6 and

December 30, 2004, only investor funds were deposited into the South Beach Investors, LLC bank account.

59. On or about December 15, 2004, Falor directed a wire transfer of $175,000 from the South Beach Investors, LLC bank account to one of his family members.

60. On or about December 17, 2004, Falor directed the issuance of a check for $100,000 from the South Beach Investors, LLC bank account to the Tides Hotel conversion project.

61. On or about December 20, 2004, Falor directed the issuance of a check for $125,000 from the South Beach Investors, LLC bank account to a Falor business associate for the repayment of a loan made to another failing Falor hotel-condominium conversion project.

62. Between approximately July 8, 2005 and December 16, 2005, Falor, through conference calls and written documents, provided investors with false information concerning the progress of the hotel-condominium conversion and the percentage of hotel-condominium units sold. Falor made these misrepresentations to investors to lull them into believing that their investments were being used to complete the Edison Hotel and Breakwater Hotel conversion project and to cover up his fraudulent conduct.

63. Falor's misappropriation of investor funds contributed to the failure of the Breakwater Hotel and Edison Hotel conversion project because there were insufficient funds to pay the lenders and creditors. On or about March 24, 2007, South Beach Hotel Investors, LLC filed for bankruptcy and the hotel properties were subsequently sold.

None of the proceeds from these bankruptcy sales were distributed to the investors. The twenty-three person who invested in the South Beach Investors, LLC have never been repaid the approximately $2.25 million they paid for their investments in South Beach Investors, LLC.

COUNT I

Violations of Section 17(a)(1) of the Securities Act
[15 U.S.C. §77q(a)(1)]

64. Paragraphs 1 through 63 are realleged and incorporated by reference herein.

65. By engaging in the conduct alleged above, Defendant Robert Falor, in the offer or sale of the Investors LLCs' securities, by the use of means or instruments of transportation or communication in interstate commerce or by the use of the mails, directly or indirectly, employed devices, schemes or artifices to defraud.

66. Defendant Robert Falor acted with scienter.

67. By reason of the foregoing, Defendant Robert Falor violated Section 17(a)(1) of the Securities Act [15 U.S.C. §77q(a)(1)].

COUNT II

Violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act
[15 U.S.C. §77q(a)(2) and §77q(a)(3)]

68. Paragraphs 1 through 63 are realleged and incorporated by reference herein.

69. By engaging in the conduct alleged above, Defendant Robert Falor, in the offer or sale of the Investors LLCs' securities, by the use of means or instruments of transportation or communication in interstate commerce or by the use of the mails,

directly or indirectly, has obtained money or property by means of untrue statements of material facts or omissions to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and has engaged in transactions, practices or courses of business which would and did operate as a fraud or deceit upon purchasers and prospective purchasers of such securities.

70. By reason of the foregoing, Defendant Robert Falor violated Sections 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. §§77q(a)(2) and 77q(a)(3)].

COUNT III

Violations of Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Rule 10b-5 [17 C.F.R. §240.10b-5] promulgated thereunder

71. Paragraphs 1 through 63 are realleged and incorporated by reference herein.

72. By engaging in the conduct alleged above, Defendant Robert Falor, in connection with the purchase or sale of the Investors LLCs' securities, by the use of means or instrumentalities of interstate commerce or by the use of the mails, directly or indirectly: employed devices, schemes, or artifices to defraud; made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; and engaged in acts, practices and courses of business which would and did operate as a fraud and deceit upon the purchasers and sellers of such securities.

73. Defendant Robert Falor acted with scienter.

74. By reason of the foregoing, Defendant Robert Falor violated Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Rule 10b-5 thereunder [17 C.F.R. §240.10b-5].

EQUITABLE RELIEF AS TO RELIEF DEFENDANT JENNIFER L. FALOR

75. Paragraphs 1 through 63 above are realleged and incorporated herein by reference.

76. Altogether, Defendant Robert Falor received at least $4.6 million in ill-gotten funds through his illegal offerings of securities.

77. Defendant Robert Falor directed the transfer of at least $930,000 of the Investors LLCs' funds as described above for Jennifer Falor's benefit. The monies received by Relief Defendant Jennifer Falor constituted ill gotten gains from the fraud of Defendant Falor as alleged in the Complaint.

78. Jennifer Falor currently possesses or controls assets purchased with investor funds.

79. Jennifer Falor has no legitimate claim to any assets that she acquired or that Robert Falor acquired for her with those ill-gotten funds.

RELIEF REQUESTED

THEREFORE, the Commission respectfully requests that this Court:

I.

Issue findings of fact and conclusions of law that the defendant committed the violations charged and alleged herein.

II.

Grant an Order of Permanent Injunction, in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, permanently restraining and enjoining Defendant Robert Falor from violating Sections17(a)(1), 17(a)(2) and 17(a)(3) of the Securities Act [15 U.S.C. §77q(a)(1), §77q(a)(2), and §77q(a)(3)].

III.

Grant an Order of Permanent Injunction, in a form consistent with Rule 65(d) of the Federal Rules of Civil Procedure, permanently restraining and enjoining Defendant Robert Falor from violating Section 10(b) of the Exchange Act [15 U.S.C. §78j(b)] and Rule 10b-5 thereunder [17 C.F.R. §240.10b-5].

IV.

Issue an Order requiring Defendant Robert Falor and Relief Defendant Jennifer Falor to pay to the registry of this Court disgorgement of their ill-gotten gains from their illegal conduct, gained directly or indirectly from the transactions complained of herein, together with prejudgment interest thereon.

V.

Order Defendant Robert Falor to pay to the Commission civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. §77t(d)] and Section 21(d) of the Exchange Act [15 U.S.C. §78u(d)].

VI.

Retain jurisdiction of this action in accordance with the principles of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and decrees that may be entered or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court.

VII.

Grant an Order for such further relief as the Court may deem appropriate.

JURY TRIAL DEMAND

The Commission requests a trial by jury.

Dated: September 11, 2009

Respectfully submitted,

s/ Dee A. O'Hair

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