

BEFORE THE IOWA INSURANCE COMMISSIONER

IN THE MATTER OF)	STOP ORDER
)	
IL BRIDGE FUND LLC, and)	CEASE AND DESIST ORDER
ANGELO M. SFERRAZZA.)	
)	DIVISION FILE NO.: 72127

NOW comes the Iowa Insurance Division ("Division"), pursuant to the provisions of the Iowa Uniform Securities Act – Iowa Code Chapter 502 (2011) and finds as follows:

PARTIES AND JURISDICTION

1. The Commissioner of Insurance, Susan Voss, pursuant to Iowa Code § 502.601, administers the Iowa Uniform Securities Act.
2. IL Bridge Fund LLC is an Ohio Limited Liability Company with a last known address of 100 Tri-County Parkway, Suite 410, Cincinnati, Ohio 45246 ("Bridge Fund").
3. Angelo M. Sferrazza is the owner and President of the Bridge Fund during all time periods relevant to this Order ("Sferrazza" collectively referred to with Bridge Fund as Respondents).
4. Respondents have engaged in acts or practices within the state of Iowa constituting violations of Iowa Code Chapter 502 and/or any rule or order adopted or issued pursuant to Iowa Code Chapter 502. The Insurance Commissioner is authorized to issue a summary order directed to any person requiring the person to cease and desist from engaging in such acts or practices or take other affirmative action as in her judgment is necessary to comply with the requirements of Iowa Code Chapter 502 pursuant to Iowa Code § 502.604.

FACTUAL BACKGROUND

5. Respondents issued and/or sold unsecured investment demand note(s) and/or unsecured investment promissory note(s) with a term of three (3) years ("Investment Note(s)").
6. On or about September 10, 2009, Respondents issued and/or sold \$25,000 in Investment Note(s) to an Iowa resident.
7. On or about February 10, 2010, Respondents issued and/or sold \$50,000 in Investment Note(s) to an Iowa resident.
8. On or about March 15, 2010, Respondents issued and/or sold \$20,000 in Investment Note(s) to an Iowa resident.
9. On or about March 16, 2010, Respondents filed or caused to be filed a Notice of Exempt Offering of Securities (Rule 506 of Regulation D of the Securities Act of 1933, 15 U.S.C. § 77r(b)(4)(D)) pursuant to Iowa Code § 502.302(3) ("Exempt Filing").

10. Among other things, the Exempt Filing indicated that the total debt offering would be \$3 million, and that Respondents had sold \$1,149,000 of debt with a remaining \$1,851,000 to be sold.

11. The Exempt Filing also indicated that the first debt sale by Respondents was September 10, 2008, and that Bridge Fund did not intend for the offering to last more than one year.

12. The Exempt Filing states "Each Issuer identified above has read this notice, knows the contents to be true, and has duly caused this notice to be signed on its behalf".

13. On or about April 29, 2011, Respondents signed a Consent Agreement with the Ohio Division of Securities ("Ohio") wherein the Respondents admitted, consented, stipulated, and agreed to the findings, conclusions, and order set forth in the Cease and Desist Order Ohio issued against Respondents and issuance of the same ("Ohio Agreement"). Among other things, the Ohio Agreement found:

i. From September 10, 2008 to March 9, 2010 Respondents had sold Investment Notes in excess of \$2,500,000;

ii. From March 15, 2010 to September 20, 2010, Respondents sold additional Investment Notes in excess of \$2,457,000;

iii. The duration of the offer, the previously sold amount, the amount remaining to be sold and the total offering amount are material and relevant facts;

iv. On May 4, 2010, the Commissioner of the Kentucky Department of Financial Institutions issued a Stop Order Suspending the Sale of Securities against Respondent IL Bridge Fund, LLC in Case No. 2010-AH-033 ("Kentucky Stop Order"); and

v. The Kentucky Stop Order was entered based in part on the finding that the Investment Notes issued by the Respondent IL Bridge Fund, LLC do not qualify as covered securities under Rule 506 of Regulation D.

14. On June 6, 2011, Respondents signed a similar order with the Kentucky Department of Financial Institutions.

15. Respondents sold at least \$4,957,000 of Investment Note(s), so that at least \$1,957,000 of the Investment Note(s) sold were in excess of the Exempt Filing.

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VIOLATIONS OF SECURITIES ACT

COUNT I

Unlawful Sale of Securities

16. The Division re-alleges and incorporates by reference paragraphs 1-15 above as if fully set forth herein.

17. The Exempt Filing the Respondents submitted to the Division failed to comply with notice requirements, had deficiencies, did not meet the requirements for exemption, and was not filed with the Division, as required, no later than fifteen (15) days after the first sale in Iowa in violation of Iowa Code §§ 502.301 and 502.302(3) and rules enacted thereunder.

18. Ordering Respondents to stop issuing/selling Investment Note(s) in Iowa is necessary and appropriate in the public interest and for the protection of investors and consistent with the purposes fairly intended by the provisions of Iowa Code Chapter 502.

COUNT II

Securities Fraud

19. The Division re-alleges and incorporates by reference paragraphs 1-18 above as if fully set forth herein.

20. Respondents employed a devise, scheme, or artifice to defraud; made an untrue statement of a material fact or omitted 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; and/or engaged in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person in violation Iowa Code § 502.501 and rules enacted thereunder.

21. Ordering Respondents to cease and desist from issuing and/or selling securities in Iowa is necessary and appropriate in the public interest and for the protection of investors and consistent with the purposes fairly intended by the provisions of Iowa Code Chapter 502.

ORDERS

WHEREFORE, IT IS HEREBY ORDERED pursuant to the powers granted to the Commissioner of Insurance by Iowa Code § 502.604 (2011) as follows:

A. IL Bridge Fund LLC and Angelo M. Sferrazza shall stop issuing and/or selling securities in violation of Iowa Code §§ 502.301 and/or 502.302(3) and rules enacted thereunder.

B. IL Bridge Fund LLC and Angelo M. Sferrazza shall cease and desist from failing to comply with notice requirements in violation of Iowa Code § 502.302(3) and rules enacted thereunder.

C. IL Bridge Fund LLC and Angelo M. Sferrazza shall cease and desist from employing a devise, scheme, or artifice to defraud; making untrue statement of a material fact or omitting 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; and/or engaging in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person in violation of Iowa Code § 502.501 and rules enacted thereunder.

D. IL Bridge Fund LLC and Angelo M. Sferrazza shall provide the Division with documentation of all Investment Note(s) issued and/or sold to Iowa residents within 20 calendar days of the date of this Order.

E. IL Bridge Fund LLC and Angelo M. Sferrazza shall be assessed a civil penalty of \$5,000.00 for knowingly and recklessly violating provisions of the Iowa Uniform Securities Act pursuant to Iowa Code § 502.604(4) and rules enacted thereunder.

F. The Division shall retain \$1,000 costs from any penalty or payment.

G. Nothing in this Order shall limit actions under Iowa Code § 502.509.

NOTICE REGARDING FAILURE TO REQUEST A HEARING

If you fail to request a hearing within thirty (30) days of the date of this Stop and Cease and Desist Order, the Order shall be a final Order of the Commissioner of Insurance and shall be enforceable by the Commissioner of Insurance in an administrative or court proceeding.

NOTICE REGARDING EXHAUSTION OF ADMINISTRATIVE REMEDIES AND RIGHT TO SEEK JUDICIAL REVIEW

The failure to request a hearing can constitute a failure to exhaust your administrative remedies and limit the issues subject to judicial review. You may seek judicial review of this Order pursuant to Iowa Code Chapter 17A after the Order becomes final. The Order becomes final thirty (30) days after it is issued if you do not timely request a contested case hearing, or following hearing if you do timely request a contested case hearing.

NOTICE OF PENALTIES FOR WILLFUL VIOLATION OF THIS ORDER YOU ARE NOTIFIED that any person who willfully violates this order shall be deemed in contempt of the order pursuant to Iowa Code § 507A.10. The Division may petition the district court to enforce the order. The district court shall find the person in contempt of the order if the court finds after hearing that the person or insurer is not in compliance with the order. The court may assess a civil penalty against the person or insurer and may issue further orders as it deems appropriate.

YOU ARE ALSO NOTIFIED that a person who, acting as an insurance producer as defined in Iowa Code Chapter 522B, without proper licensure, or an insurer who willfully violates any provision of Iowa Code Chapter 507A, the Iowa Unauthorized Insurers Act, or any rule or order issued under 507A, is guilty of a class "D" felony or a class "C" felony if such violation results in a loss of more than ten thousand dollars pursuant to Iowa Code § 507A.10.

NOTICE REGARDING IMPACT OF ORDER ON EXISTING LICENSES

A final Stop and Cease and Desist Order may adversely affect existing business or professional licenses and result in license revocation or disciplinary action. For example, a final Cease and Desist Order issued to a licensed insurance agent may subject the insurance agent to insurance license revocation or other disciplinary action. Further notice is given that the Iowa Insurance Division may review this Stop and/or Cease and Desist Order for a potential license revocation or disciplinary action.

NOTICE OF RIGHT TO REQUEST HEARING

NOTICE IS HEREBY GIVEN that Respondent(s), or any individual representing any Respondent(s), may request a hearing in this matter. This request must be in writing and must be filed within thirty (30) calendar days of the date of this Order with Janet Gustafson, Enforcement Bureau Attorney, Iowa Insurance Division, 330 Maple Street, Des Moines, Iowa 50319. A notice of the hearing shall be prepared and shall be given at least fifteen (15) days before the date of the hearing unless the parties agree to an earlier date. The hearing shall be held within forty-five (45) days after the date of the notice of the hearing unless extended by the presiding officer for good cause with at least fifteen days notice to the parties. The resulting hearing will be held in accordance with Iowa Code Chapter 17A (2011).

Dated this 10th day of August, 2011.

IOWA INSURANCE DIVISION



by Robert Koppin
Enforcement Bureau Chief
Iowa Insurance Division
330 Maple Street
Des Moines, IA 50319

Original Filed with:

Iowa Insurance Commissioner
330 Maple Street
Des Moines, Iowa 50304

SENT VIA INTRA STATE OF IOWA MAIL

Copy to:

IL Bridge Fund LLC
100 Tri-County Parkway, Suite 410
Cincinnati, Ohio 45246

Angelo M. Sferrazza
100 Tri-County Parkway, Suite 410
Cincinnati, Ohio 45246

SENT VIA USPS FIRST CLASS &
CERTIFIED MAIL

CERTIFICATE OF SERVICE

I certify under penalty of perjury and pursuant to the laws of Iowa that copies of the foregoing instrument(s) were served to the names and addresses of the parties by the methods listed, with proper posted affixed thereto as required on this 10th day of August, 2011.


Christina Hazelbaker

BEFORE THE IOWA INSURANCE COMMISSION

IN THE MATTER OF)	
)	AGREEMENT
)	ORDER
IL BRIDGE FUND LLC, and)	CONSENT TO ORDER
ANGELO M. SFERRAZZA.)	
)	DIVISION FILE NO.: 72127
)	
)	DIA NO.:
)	

COMES NOW the Iowa Insurance Division ("Division"), pursuant to Iowa Code Chapter 502 (2011) – Iowa Uniform, and regarding Securities Act, **IL Bridge Fund LLC and Angelo M. Sferrazza** (collectively the "Respondents"). The Respondents admit the violations contained in this Order and consent to the entry of this Order. The Respondents also admit that the Iowa Insurance Division and Securities Bureau has personal jurisdiction over them and subject matter jurisdiction over the matters set forth herein.

PARTIES AND JURISDICTION

1. The Commissioner of Insurance, Susan Voss, pursuant to Iowa Code § 502.601, administers the Iowa Uniform Securities Act.
2. IL Bridge Fund LLC is an Ohio Limited Liability Company with a last known address of 100 Tri-County Parkway, Suite 410, Cincinnati, Ohio 45246 ("Bridge Fund").
3. Angelo M. Sferrazza is the owner and President of Bridge Fund during all time periods relevant to this Order, with a last known address of 100 Tri-County Parkway, Suite 410, Cincinnati, Ohio 45246 ("Sferrazza" collectively referred to with Bridge Fund as "Respondents").
4. Respondents have engaged in acts or practices within the state of Iowa constituting violations of Iowa Code Chapter 502 as described herein. The Insurance Commissioner is authorized to issue a summary order directed to any person requiring the person to cease and desist from engaging in such acts or practices or take other affirmative action as in her judgment is necessary to comply with the requirements of Iowa Code Chapter 502 pursuant to Iowa Code § 502.604.

FACTUAL BACKGROUND

5. Respondents issued and/or sold unsecured investment demand note(s) and/or unsecured investment promissory note(s) ("Investment Note(s)").
6. On or about September 10, 2009, Respondents issued and/or sold \$25,000 in Investment Note(s) to an Iowa resident.
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9. On or about March 16, 2010, Respondents filed or caused to be filed a Notice of Exempt Offering of Securities (Rule 506 of Regulation D of the Securities Act of 1933, 15 U.S.C. § 77r(b)(4)(D)) pursuant to Iowa Code § 502.302(3) ("Exempt Filing").
10. Among other things, the Exempt Filing indicated that the total debt offering would be \$3 million, and that Respondents had sold \$1,149,000 of debt with a remaining \$1,851,000 to be sold.
11. The Exempt Filing also indicated that the first debt sale by Respondents was September 10, 2008, and that Bridge Fund did not intend for the offering to last more than one year.
12. The Exempt Filing states "Each Issuer identified above has read this notice, knows the contents to be true, and has duly caused this notice to be signed on its behalf".
13. On or about April 29, 2011, Respondents signed a Consent Agreement with the Ohio Division of Securities ("Ohio") wherein the Respondents admitted, consented, stipulated, and agreed to the findings, conclusions, and order set forth in the Cease and Desist Order Ohio issued against Respondents and issuance of the same ("Ohio Agreement"). Among other things, the Ohio Agreement found:
 - i. From September 10, 2008 to March 9, 2010 Respondents had sold Investment Notes in excess of \$2,500,000;
 - ii. From March 15, 2010 to September 20, 2010, Respondents sold additional Investment Notes in excess of \$2,457,000;

- iii. The duration of the offer, the previously sold amount, the amount remaining to be sold and the total offering amount are material and relevant facts;
 - iv. On May 4, 2010, the Commissioner of the Kentucky Department of Financial Institutions issued a Stop Order Suspending the Sale of Securities against Respondent IL Bridge Fund, LLC in Case No. 2010-AH-033 ("Kentucky Stop Order"); and
 - v. The Kentucky Stop Order was entered based in part on the finding that the Investment Notes issued by the Respondent IL Bridge Fund, LLC do not qualify as covered securities under Rule 506 of Regulation D.
14. One June 6, 2011, Respondents signed a similar order with the Kentucky Department of Financial Institutions.
 15. Respondents sold at least \$4,957,000 of Investment Note(s), so that at least \$1,957,000 of the Investment Note(s) sold were in excess of the Exempt Filing.

AGREEMENT AND UNDERTAKINGS

16. Paragraphs 1 – 15 are incorporated as if fully set forth herein.
17. Respondents have engaged in activities in violation of Iowa Code §§ 502.301 and/or 502.302(3) and rules enacted thereunder.
18. Respondents have agreed to cease and desist any and all activities to market, sale, promote, issue or deliver any further securities in the state of Iowa and/or to Iowa residents.
19. Respondents have agreed to not seek any form of securities licensure, securities offerings and/or registration of securities offerings with and/or in the state of Iowa in the future.
20. Within ten (10) days of Respondents signing the Consent to Order, Respondents have agreed to and shall offer to pay and return the outstanding principal amounts due under all Investment Note(s) issued to any and all Iowa investors ("Iowa Investors"); and/or to exercise any prepayment rights disclosed to said Iowa Investors at the time said Investment Note(s) were issued to Iowa Investors.

21. Respondents have agreed to and shall provide the Division with documentation of all Investment Note(s) issued and/or sold to Iowa residents at the time Respondents sign the Consent to Order.
22. Respondents have agreed to and shall pay \$2,500 in penalties and \$1,000 in costs at the time of this Agreement, Order and Consent to Order ("Penalties and Costs").
23. Within ten (10) days of the Division's verification of receipt of the Penalties and Costs, the Division shall issue an order vacating the Cease and Desist Order.
24. Respondents have agreed and understand that the Cease and Desist Order shall remain on the Division's website and part of the Division's official records, even if said Order is vacated.
25. The Respondents have agreed and understand that, should the Division fail to receive the Penalties and Costs, the Cease and Desist Order will not be vacated and will remain in full force and effect.
26. Nothing contained in this Agreement, Order and Consent to Order shall be construed to deprive any person or entity of any private right of action under any law.
27. Nothing contained in this Agreement, Order and Consent to Order shall be construed to limit the authority of the Division to enforce laws, regulations, or rules.
28. The Iowa Insurance Division reserves its right to take administrative action for any violation of the Iowa insurance statutes and/or regulations unknown to the Division at the date of the signing of this Agreement, Order and Consent to Order.

ORDER

WHEREFORE, IT IS HEREBY ORDERED pursuant to the powers granted to the Commissioner of Insurance by Iowa Code Chapter 502 as follows:

- A. IL Bridge Fund LLC and Angelo M. Sferrazza shall stop and/or cease and desist from any and all further violations of Iowa Code §§ 502.301 and/or 502.302(3) and rules enacted thereunder.

- B. IL Bridge Fund LLC and Angelo M. Sferrazza shall stop and/or cease and desist any and all activities to market, sale, promote, issue or deliver any further securities in the state of Iowa and/or to Iowa residents.
- C. IL Bridge Fund LLC and Angelo M. Sferrazza have agreed to not seek any form of securities licensure, securities offerings and/or registration of securities offerings with and/or in the state of Iowa in the future.
- D. IL Bridge Fund LLC and Angelo M. Sferrazza shall provide the Division with documentation of all Investment Note(s) issued and/or sold to Iowa residents at the time Respondents sign their Consent to Order.
- E. Within ten (10) days of IL Bridge Fund LLC and Angelo M. Sferrazza signing the Consent to Order, Respondents shall offer to pay and return the outstanding principal amounts due under all Investment Note(s) issued to any and all Iowa investors ("Iowa Investors"); and/or to exercise any prepayment rights disclosed to said Iowa Investors at the time said Investment Note(s) were issued to Iowa Investors.
- F. IL Bridge Fund LLC and Angelo M. Sferrazza shall pay a \$2,500 penalty and \$1,000 in costs at the time Respondents sign their Consent to Order.
- G. Within ten (10) days of the Division's verification of receipt of \$2,500 in penalties and \$1,000 in costs from IL Bridge Fund LLC and Angelo M. Sferrazza, the Division shall issue an order vacating the Cease and Desist Order dated August 10, 2011.
- H. Should the Division fail to receive the penalties and costs, the Cease and Desist Order dated August 10, 2011 will remain in full force and effect.

Dated this 26th day of September, 2011.

SUSAN E. VOSS
IOWA INSURANCE COMMISSIONER




by Robert Koppin
Enforcement Bureau Chief
Iowa Insurance Division
330 Maple Street
Des Moines, IA 50319

CONSENT TO ORDER AND AGREEMENT


We, Angelo M. Sferrazza and IL Bridge Fund LLC, have read, understand, and do knowingly enter into this Agreement and consent to this Order in its entirety. We will abide by the terms of this Order to avoid the possible adverse consequences of any hearing. By executing this consent, we understand that we are waiving our rights to a hearing, to confront and cross-examine witnesses, to produce evidence, and to judicial review. We also understand that the Agreement and Order are considered final administrative action that shall be reported by the Division to the Central Registration Depository, if applicable; and, if we are insurance licensed, to the National Association of Insurance Commissioners and to all insurance companies with which we are actively appointed. We also understand that this Order is a public record under Iowa Code Chapter 22 (2011), including disclosure to other regulatory authorities, pursuant to Iowa Code Section 502.608 (2011). We also understand that the information contained in the Agreement and Order and our consent will be posted to the Division's web site.

DATED this 31st day of August, 2011.



Angelo M. Sferrazza

Subscribed and sworn before me by Angelo M. Sferrazza on this 31st day of AUGUST, 2011.





Notary Public
Lawrence A. Russo
Notary Public, State of Ohio
My Commission Expires 07-19-2015

DATED this 31st day of AUGUST, 2011.


on behalf of IL Bridge Fund LLC

Subscribed and sworn before me by ANGELO M. SFERRAZZA on this 31st day of AUGUST, 2011.




Notary Public
Lawrence A. Russo
Notary Public, State of Ohio
My Commission Expires 07-19-2015

Original Filed with:

IOWA INSURANCE DIVISION
330 Maple Street
Des Moines, IA 50319

Copy to:

IL Bridge Fund LLC
100 Tri-County Parkway, Suite 410
Cincinnati, Ohio 45246

Angelo M. Sferrazza
100 Tri-County Parkway, Suite 410
Cincinnati, Ohio 45246

SENT VIA USPS CERTIFIED MAIL &
ELECTRONIC MAIL

F. Mark Reuter
Counsel for Respondents
Keating Muething & Klekamp PLL
One East Fourth Street
Suite 1400
Cincinnati, OH 45202
freuter@kmklaw.com

SENT VIA ELECTRONIC MAIL

CERTIFICATE OF SERVICE

I certify under penalty of perjury and pursuant to the laws of Iowa that copies of the foregoing instrument(s) were served to the names and addresses of the parties by the methods listed, with proper posted affixed thereto as required on this _____ day of August, 2011.

Christina Hazelbaker