

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

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**IN THE MATTER OF: Matthew Sapaula and**  
**Matthew Sapaula Inc.**, its partners, members, officers,  
directors, agents, employees, affiliates, successors,  
and assigns.  
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) **File Number 0900415**  
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**ORDER OF PROHIBITION**

**TO THE RESPONDENTS: Matthew Sapaula**  
**4705 Lawn Ave.**  
**Western Springs, Illinois 60558**

**Matthew Sapaula Inc.**  
**27 North Wacker**  
**Suite 412**  
**Chicago, Illinois 60606**

**Matthew Sapaula Inc.**  
**1016 West Jackson Blvd**  
**Chicago, Illinois 60607**

WHEREAS, the above-captioned matter came to be heard on October 26, 2011, pursuant to the Notice of Hearing dated September 1, 2011, filed by Petitioner Secretary of State, and the record of the matter under the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") 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 and Conclusions of Law and Recommendation of the Hearing officer, James L. Kopecky, in the above-captioned matter have been read and examined;

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

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1. The pleadings and exhibits have been offered and received from the Department and a proper record of all proceedings has been made and preserved as required by law.
2. The Hearing Officer has ruled on all motions and objections timely made and submitted.
3. The Hearing Officer and the Secretary of State Securities Department have jurisdiction over the parties herein and subject matter dealt with herein, due and proper notice having been previously given as required by statute in this Matter.
4. Respondents have waived their rights to an attorney regarding this matter.
5. The Department served Respondent with a Notice of Hearing on or about September 6, 2011.
6. The Notice of Hearing included the information required under Section 1102 of the Code.
7. The Secretary of State has jurisdiction over the subject matter pursuant to the Act.
8. The Respondent failed to submit an Answer to the Notice of Hearing, the Department brought a Motion pursuant to Section 130.1104 of the Illinois Administrative Code asking that an Order of Default be entered against Respondents and the facts alleged in the Notice of Hearing be deemed admitted based on Respondents failure to answer the Notice of Hearing.
9. The Respondent did not appear at the Hearing. The Department brought a Motion pursuant to Section 130.1109 of the Illinois Administrative Code asking that an Order of Default be entered against Respondents and the appropriate recommendation be made based on Respondents' failure to appear at the hearing.
10. The Hearing Officer advised that those motions will be granted and appropriate recommendations made.

### **BACKGROUND FACTS**

1. Matthew Sapaula ("Respondent Sapaula" or collectively with Respondent Matthew Sapaula Inc., "Respondents") is a natural person. His last known business address is Mail Box # 412 at 27 North Wacker in Chicago, Illinois.

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2. Matthew Sapaula Inc., (“Respondent Sapaula Inc.” or collectively with Respondent Matthew Sapaula, “Respondents”) is an Illinois corporation not in good standing. Its last known address is 27 North Wacker, Suite 412, Chicago, Illinois 60606; however that location is a UPS Store and not an office.
3. Respondent Sapaula is the President of Respondent Sapaula Inc. at all relevant times herein. His last known home address is Western Springs, Illinois.
4. On December 18, 2008, the Illinois Secretary of State Securities Department (the “Department”) issued a Consent Order of Prohibition, prohibiting the Respondent Sapaula from offering or selling securities in the State of Illinois; the Respondent Sapaula signed the stipulation and paid a fine to the Department.
5. Respondent Sapaula was an insurance agent registered with the Illinois Department of Insurance until he lost his insurance license in early 2010.
6. As early as 2006 and continuing to present, Respondent Sapaula markets himself on television, radio and the internet as a financial strategist, life “coach” and financial advisor.
7. Respondent Sapaula markets himself and Matthew Sapaula Inc. on radio real estate shows and financial blogs, as well as internet reality shows; including but not limited to: Chicago’s WLS 890AM on the Money Smart show and a real estate show, ABC 7 Chicago Television show with Cheryl Burton, New York and other cities talk television shows and the internet program “The Invested Life”.
8. Respondents represented to investors that he is an investment advisor; stating that for a fee, he will show them investment alternatives and manage their investments.
9. Respondent Sapaula offered investment alternatives to Illinois investors including, but not limited to, annuities, insurance product, and investment contracts; showing the investors documents of different investment possibilities.
10. Respondent Sapaula offered several different investment contracts ranging from securitization of investment real estate property to rehabbing of investment real estate property.
11. Respondent Sapaula showed investors documents for the investments offered to Illinois investors that were prepared by other people;

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Respondent Sapaula redacted the names of the person(s) who actually created the documents for the investor.

12. Respondent Sapaula failed to disclose to investors that he was not licensed as an insurance agent.
13. Respondent Sapaula failed to disclose to investors that he was not licensed as an investment advisor or a registered representative; and was **prohibited** by the Illinois Secretary of State Securities Department in 2008.
14. Respondent Sapaula failed to disclose to investors that he received a commission for putting the investor into investments as well as the fee he received up front from the investor.
15. Respondent Sapaula misrepresented the traditional investments that he offered investors and materially misrepresented the potential earnings of the investment.
16. Respondent steered investors toward non-traditional, uninsured, risky, unregistered real estate investments contracts.
17. Respondent Sapaula downplayed the risk involved in the real estate investment contracts.
18. Respondent Sapaula manipulated the success of the unregistered real estate investments contracts and tooted unrealistic returns.
19. Respondent Sapaula steered the some of the investors to liquidate their IRA's and put them in a self directed IRA.
20. Respondent Sapaula failed to disclose to investors that he received a commission for the "self-directed IRA custodian" that he told investors to put their money with as well as an ongoing percentage of the money held in the account.
21. Respondent Sapaula manipulated investors to pull their money out of traditional IRA accounts, including but not limited to stock market accounts and invest an unregistered real estate investment contract.
22. Respondent Sapaula pooled investor money into real estate investment contracts, using IRA funds and other investor funds that had been traditional stock market accounts.
23. That the activities set forth in paragraphs above constitute the offer and sale of investment contracts, and therefore a security, as those terms are

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defined in Section 2.1, 2.5 and 2.5a of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*

### COUNT I

**815 ILCS 5/12.F violation: Respondents engaged in practices in connection with the sale of securities that worked a fraud or deceit on the purchaser thereof**

- 1-23. Paragraphs 1-23 are re-alleged and incorporated by reference.
24. Respondent falsified documents, used his connection with the radio and television to persuade the investors to believe that he was an investment advisor, insurance agent, and/or sales broker.
25. Respondents failed to disclose to investors their lack of registration with either the Illinois Secretary of State Securities Department or the Illinois Department of Insurance.
26. Respondent's falsification of documents and failure to disclose the lack of registration of the Respondent to the investors, led investors to believe that the Respondents were creditable.
27. Respondent made material misstatements regarding the investments in order to steer investors to his real estate investment contracts.
28. Section 12.F of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, states that it shall be a violation of the provisions of the Act for any person to "engage in any transaction, practice, or course of business in connection with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof."
29. By virtue of the foregoing, Respondents violated Sections 12.F of the Act.

### COUNT II

**815 ILCS 5/12.I violation: Respondent employed a scheme to defraud in connection with the sale of securities**

- 1-23. Paragraphs 1-23 are re-alleged and incorporated by reference.
24. Respondents falsified documents to lead the investors to believe that he was an investment advisor, insurance agent, and/or sales broker.
25. Respondents failed to disclose to investors their lack of registration with either the Illinois Secretary of State Securities Department or the Illinois Department of Insurance.

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26. The falsification of documents and failure to disclose the lack of registration of the Respondent to the investors, led investors to believe that the Respondents were creditable.
27. Section 12.I of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, states that it shall be a violation of the provisions of the Act for any person to “employ any device, scheme or artifice to defraud in connection with the sale or purchase of any security, directly or indirectly.”
28. By virtue of the foregoing, Respondents violated Sections 12.I of the Act.

### COUNT III

**815 ILCS 5/12.G violation: Respondents obtained  
Complainants' money by making  
untrue statement of material fact  
and omission to state a material fact**

- 1-23. Paragraphs 1-23 are re-alleged and incorporated by reference.
24. Respondents falsified documents to lead the investors to believe that he was an investment advisor, insurance agent, and/or sales broker.
25. Respondents failed to disclose to investors their lack of registration with either the Illinois Secretary of State Securities Department or the Illinois Department of Insurance.
26. The falsification of documents and failure to disclose the lack of registration of the Respondent to the investors, led investors to believe that the Respondents were creditable.
27. Section 12.G of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, states that it shall be a violation of the provisions of the 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.”
28. By virtue of the foregoing, Respondents violated Sections 12.G of the Act.

### COUNT IV

**815 ILCS 5/12.A and D violations: Respondents are  
Selling Unregistered Securities.**

- 1-23. Paragraphs 1-23 are re-alleged and incorporated by reference.

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24. Respondent offered a unregistered real estate investment contract.
25. Section 12.A of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, (the "Act") states that it shall be a violation of the provisions of this Act for any person to "offer or sell any security except in accordance with the provisions of this Act."
26. Section 5 of the Act provides, *inter alia*, that all securities except those exempt under Section 3 of the Act or those offered and sold in transactions exempt under Section 4 of the Act shall be registered with the Secretary of State prior to their offer or sale in the State of Illinois.
27. Section 12.D of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et seq.*, states that it shall be a violation of the provisions of the Act for any person to "fail to file with the Secretary of State any application, report or document under the provisions of this Act or any rule or regulation made by the Secretary of State pursuant to this Act or to fail to comply with the terms of any order of the Secretary of State issued pursuant to Section 11 hereof.
28. Respondents failed to file an application for registration of the above-referenced securities with the Secretary of State and as a result, the securities were not registered pursuant to Section 5 of the Act prior to their offer and sale in the State of Illinois.

### COUNT V

#### **815 ILCS 5/12.A and 12.D violation: Respondent violated a Prior Order of Prohibition**

- 1-23. Paragraphs 1-23 are re-alleged and incorporated by reference.
2. Respondent Sapaula violated the 2008 Order of Prohibition

WHEREAS, The Hearing Officer recommends that:

1. An Order of Default be entered against each Respondent, Matthew Sapaula and Matthew Sapaula, Inc. its partners, members, officers, directors, agents, employees, affiliates, successors, and assigns.
2. A Permanent Order of Prohibition be entered against each Respondent, Matthew Sapaula and Matthew Sapaula, Inc. its partners, members, officers, directors, agents, employees, affiliates, successors, and assigns, prohibiting each Respondent from selling or offering for sale securities in the State of Illinois.

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3. A fine be assessed against each Respondent; Matthew Sapaula and Matthew Sapaula, Inc. its partners, members, officers, directors, agents, employees, affiliates, successors, and assigns, in the amount of \$10,000.00.

NOW THEREFORE, IT IS HEREBY ORDERED THAT:

1. An Order of Default is entered against each Respondent; Ephren W. Taylor, City Capital Corporation, its partners, members, officers, directors, agents, employees, affiliates, successors, and assigns, and Clean Sweep Holdings Group, LLC, its partners, members, officers, directors, agents, employees, affiliates, successors, and assigns.
2. Matthew Sapaula is **PERMANENTLY PROHIBITED** from offering and selling securities in the State of Illinois
3. Matthew Sapaula, Inc., its partners, members, officers, directors, agents, employees, affiliates, successors, and assigns, are **PERMANENTLY PROHIBITED** from offering and selling securities in the State of Illinois
4. A fine is assessed against each Respondent a fine in the amount of Ten Thousand Dollars (\$10,000.00) to total Twenty Thousand Dollars (\$20,000.00).
5. Matthew Sapaula is fined Ten Thousand Dollars (\$10,000.00).
6. Matthew Sapaula, Inc., its partners, members, officers, directors, agents, employees, affiliates, successors, and assigns, is fined Ten Thousand Dollars (\$10,000.00).

Dated: This 16<sup>th</sup> day of November 2011.

17<sup>th</sup>



JESSE WHITE  
Secretary of State  
State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of the Section 12.D of the Act. Any person or entity who fails to comply with the terms of this



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Order of the Secretary of State, having knowledge of the existence of the 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 Illinois Securities Act, [14 Ill. Admin. Code Ch. I, Section 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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