

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

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<b>IN THE MATTER OF:</b>	)	
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	)	
<b>CHRISTOS FOTIADOS,</b>	)	<b>No 1000180</b>
<b>his partners, officers and directors, agents,</b>	)	
<b>employees, members, affiliates, successors</b>	)	
<b>and assigns.</b>	)	
	)	

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**ORDER OF PROHIBITION**

**TO RESPONDENTS: Christos Fotiadou  
2043 West Belmont  
Suite 4  
Chicago, Illinois 60618**

WHEREAS, a Temporary Order of Prohibition was issued by the Secretary of State on February 15, 2011 which prohibited Christos Fotiadou, his partners, officers and directors, agents, employees, affiliates, successors and assigns (“Respondents”) from offering or selling securities in or from the State of Illinois until further order of the Secretary of State or his duly authorized representative;

WHEREAS, pursuant to section 11.F of the Illinois Securities Law of 1953 [815 ILCS 5] (the “Act”), the failure to request a hearing within thirty (30) calendar days of the entry of the Temporary Order shall constitute an admission of any acts alleged therein and constitute a sufficient basis to make the Temporary Order final;

WHEREAS, the Respondents have failed to request a hearing on the matters contained in the Temporary Order within thirty (30) calendar days of the entry of said Temporary Order and the Respondents are hereby deemed to have admitted the facts alleged in the Temporary Order;

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Findings of Fact contained in the Temporary Order as the Secretary of State’s Findings of Fact as follows:

1. Respondent Christos Fotiadou (at times hereinafter “Fotiadou” or “Respondent”) had a last known address of 2043 West Belmont, Suite 4, Chicago, Illinois 60618.

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2. Respondent Fotiadou, at all times relevant herein, was the majority membership interest owner (80%) and Chief Executive Officer of ProtoGroup, LLC. (hereinafter "ProtoGroup") an Illinois limited liability company engaged in the business of upgrading outdated computer software to allow the software to work on modern programs.
3. In May 2009 Respondent Fotiadou solicited and sold a portion of his own membership units in ProtoGroup to at least one individual (hereinafter "Investor").
4. During the solicitation process Fotiadou made representations regarding ProtoGroup to Investor in order to entice Investor to make the purchase of the membership units.
5. On or about May 15, 2009 Investor paid \$100,000 to Fotiadou for the purchase of 350,000 membership units in ProtoGroup, representing an interest in ProtoGroup with the exact percentage to be determined when certain financial reports became available.
6. The activities described above in paragraphs 3-5 constitute the offer and sale of membership units in a limited liability company and are therefore a security as those terms are defined in Sections 2.1, 2.5 and 2.5a of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act").

### **FRAUD IN SALE OF SECURITIES**

7. In May 2009, prior to the sale of the membership units, Fotiadou made the following false and fraudulent misrepresentations or omissions to the Investor in order to induce Investor to make the purchase:
  - a. Fotiadou stated that he personally designed a unique software upgrading system ("System") which he would operate on behalf of ProtoGroup. This was untrue. Another individual ("R.K.") designed the system and was the only person capable of working the System.
  - b. Fotiadou omitted to inform Investor that R.K., and not Respondent, was the owner of the System's intellectual property, and R.K. never licensed Fotiadou or ProtoGroup to use the System.
  - c. Fotiadou told the Investor that the System allow customers savings of 50%-80% of the cost of upgrading software systems. Fotiadou knew this was untrue and R.K. had previously told Fotiadou that the System would possibly save customers only 10%.

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- d. Fotiadou told the Investor that the System was ready to deploy. This was untrue, and R.K. had previously told Fotiadou that the System was not ready to deploy.
- e. Fotiadou provided the Investor with documents that, *inter alia*, stated, "Very recently we got our first customer sale, some major partnerships, and accepted into a pre-approved POC program for Microsoft." In fact, Fotiadou knew that there were no customers, no partnerships, and no programs with Microsoft.
8. The Investor relied on all the misrepresentations/omissions set forth above in paragraphs 7a through 7e, and would not have purchased membership units in ProtoGroup had Investor known of any of them.
9. The membership units in ProtoGroup are worthless and Investor has lost all of his \$100,000 investment.
10. At the time of the sale Respondent failed and refused to notify Investor of the risk involved in the purchase of the membership units that could result in the loss of the money paid by the Investor.
11. Section 12.F of the Act provides, *inter alia*, that it shall be a violation 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.
12. Section 12.G of the Act provides, *inter alia*, that it shall be a violation 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.
13. By virtue of the foregoing, Respondent violated Sections 12.F and 12.G of the Act and will violate them again if they make further offers, or if they make any sales of limited liability company membership units or other securities described above in the State of Illinois.

NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, Respondent **Christos Fotiadou**, and his partners, officers and directors, agents, employees, affiliates, successors and assigns, are **PROHIBITED** from rendering investment advice and from offering or selling securities in or from this State until the further Order of the Secretary of State.

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

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**the Secretary of State, having knowledge of the existence of this Order, shall be guilty of a Class 4 felony for each offence.**

**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. 1 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.**

Dated: This 7<sup>th</sup> day of April 2011.

A handwritten signature in black ink that reads "Jesse White" with a stylized flourish at the end.

JESSE WHITE  
Secretary of State  
State of Illinois

Attorney for the Secretary of State:

James J. Tierney  
Illinois Securities Department  
69 West Washington Street  
Chicago, Illinois 60602  
Ph: 312-793-9650