

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

\_\_\_\_\_  
**IN THE MATTER OF:**

**Charles Nyang'iti.**  
\_\_\_\_\_  
\_\_\_\_\_

)  
) **File No. 07 00184**  
)

**ORDER OF PROHIBITION**

TO THE RESPONDENT:

Charles Nyang'iti  
1644 Pfingsten Road  
Northbrook, Illinois 60062

WHEREAS, a Temporary Order of Prohibition was issued by the Secretary of State on August 19, 2008 temporarily prohibiting Respondent from offering or selling securities in the State of Illinois until further order of the Secretary of State.

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 a Temporary Order shall constitute an admission of any facts alleged therein and constitute a sufficient basis to make the Temporary Order final.

WHEREAS, Respondent has 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 Respondent is hereby deemed to have admitted the facts alleged in the said Temporary Order.

WHEREAS, the Secretary of State, by and through his duty authorized representatives, has adopted the Findings of Fact contained in the said Temporary Order as the Secretary of State's Final Findings of Fact as follows:

**COUNT I:**

**Fraud**

1. Respondent Charles Nyang'iti ("Respondent Nyang'iti") is a natural person with a last known address of 1644 Pfingsten Road, Northbrook, Illinois 60062.
2. Investor A is a New York Resident.

3. That Respondent solicited Investor A to form a partnership by the name of Saqqara Investment Club ("SIC") so that Respondent Nyang'iti could manage Investor A's money.
4. That Respondent told Investor A that he had developed a reliable options trading program that consistently generated profits.
5. Respondent Nyang'iti is not registered as an investment adviser or investment adviser representative, in the State of Illinois.
6. On or about December 2004, Respondent prepared a partnership agreement (the "Agreement") which stated that Investor A would be the sole member of SIC, and that Respondent Nyang'iti would manage Investor A's money after it was deposited into SIC's bank account.
7. Pursuant to the Agreement Nyang'iti was to receive a portion of the profits generated from Investor A's money as compensation for managing Investor A's assets.
8. The activities described above constitute the activities of an investment adviser as that term is defined in Section 2.11 of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act").
9. On or about December 2004, Investor A entered into the Agreement.
10. Investor A initially invested One Hundred Thousand Dollars (\$100,000.00) with Respondent Nyang'iti. Investor A's check was deposited in SIC's Bank of America account on or about January 2005.
11. Respondent Nyang'iti had sole signatory authority over SIC's Bank of America account.
12. The \$100,000 given to Respondent Nyang'iti by Investor A on or about January 2005 was to be used by Respondent Nyang'iti for the purchase and sale of stock options.
13. The stock options were to be purchased and sold by Respondent Nyang'iti through an account at OptionsXpress.
14. Respondent Nyang'iti was appointed the sole agent for SIC's OptionsXpress account.
15. Subsequently, on or about February 2005, Investor A invested another One Hundred Thousand Dollars (\$100,000.00) with Respondent Nyang'iti. Investor A's check was deposited in SIC's Bank of America account on or about February 2005.
16. That the \$100,000 given to Respondent Nyang'iti by Investor A on or about February 2005 was to be used by Respondent Nyang'iti for the purchase and sale of stock options.

17. Investor A invested a total of Two Hundred Thousand Dollars (\$200,000.00) with Respondent Nyang'iti.
18. Investor A's did not participate in the management of her Two Hundred Thousand Dollar (\$200,000.00) investment. Her knowledge of the investment was limited to periodic e-mail updates from Respondent Nyang'iti.
19. On or about August 2005, Investor A made the first of multiple requests for the return of her principal and profits.
20. A month later, on or about September 2005, Respondent Nyang'iti agreed to pay Investor A a total of Two Hundred Ninety-Six Thousand Dollars (\$296,000.00) by December 16, 2005.
21. But nearly a year later, on or about October 2006, Investor A had yet to receive any of her money. The only thing Investor A did receive was false assurances on the status of the investment.
22. On or about January 2007, Investor A's spouse called Respondent Nyang'iti regarding the investment. Respondent's wife interrupted and told Investor A's spouse that Investor A would not be getting any money back because Respondent Nyang'iti did not have it.
23. Subsequently, Respondent Nyang'iti called Investor A and told Investor A that he had been deceiving Investor A and that he had lost all of Investor A's money.
24. To date, Investor A has not received any of the Two Hundred Thousand Dollar (\$200,000.00) investment.
25. That of the \$200,000 provided to SIC and Nyang'iti \$68,000 was never used by Respondent for any investment purpose whatsoever.
26. That the \$68,000 that was supposed to be used for investment purposes was instead spent by Nyang'iti on personal expenses.
27. At all relevant times, Respondent Nyang'iti failed to disclose to Investor A the risks involved in the investment in SIC that could prevent payment of the stated interest payments and principal.
28. 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.
29. 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.

30. Section 12.I of the Act provides that it shall be a violation 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.
31. Section 12.J(1) of the Act provides, *inter alia*, that it shall be a violation of the Act when acting as an investment adviser to employ any device, scheme or artifice to defraud any client.
32. Section 12.J(2) of the Act provides, *inter alia*, that it shall be a violation of the Act when acting as an investment adviser to engage in any transaction which operates as a fraud upon any client.
33. Section 12.J(3) of the Act provides, *inter alia*, that it shall be a violation of the Act when acting as an investment adviser to engage in any course of business which is fraudulent, deceptive or manipulative.
34. By virtue of the foregoing, Respondent Nyang'iti has violated 12.F, 12.G, 12.I, and 12.J of the Act.

#### **COUNT II:**

##### **Failure to Register as an Investment Adviser and Investment Adviser Representative**

35. Counts 1-34 are re-alleged and incorporated by reference.
36. Section 12.C of the Act provides, *inter alia*, that it shall be a violation of the Act for any person to act as an investment adviser or investment adviser representative unless registered as such, where such registration is required, under the provisions of the Act.
37. By virtue of the foregoing, Respondent Nyang'iti has violated 12.C of the Act.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Conclusions of Law contained in the said Temporary Order as the Secretary of State's Conclusion of Law as follows:

1. By virtue of the foregoing, Respondent violated 12.C of the Act.
2. By virtue of the foregoing, Respondent violated 12.F of the Act.
3. By virtue of the foregoing, Respondent violated 12.G of the Act.
4. By virtue of the foregoing, Respondent violated 12.I of the Act.

5. By virtue of the foregoing, Respondent violated 12.J of the Act.

NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, Respondent **Charles Nyang'iti** is permanently **PROHIBITED** from offering or selling securities in the State of Illinois.

Dated: This 1<sup>st</sup> day of April 2009.

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

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 who fails to comply with the terms of this Order shall be a violation of Section 12.D of the Act. Any person or entity who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of this Order, shall be guilty of 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, 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.

Attorney for the Secretary of State:  
Mary A. Lopez  
Illinois Securities Department  
69 West Washington Street, Suite 1220  
Chicago, Illinois 60602  
312-793-3023