

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

))
IN THE MATTER OF: FELIX DANIEL; and RYM))
TECHNOLOGY HOLDERS, LLC dba RYM)) FILE NO. 0600670
TECHNOLOGY, LLC))
_____))

ORDER OF PROHIBITION

TO THE RESPONDENT: RYM Technology Holdings, LLC
330 E. Maple Road
Suite 408
Birmingham, Michigan 48009

Felix L. Daniel Sr.
6518 Enclave Dr.
Clarkston, Michigan 48348-4858

Felix L. Daniel Sr.
16400 N. Park Drive
apt. #418
Southfield, Michigan 48075

WHEREAS, the above-captioned matter came to be heard on May 30, 2007, pursuant to the Amended Notice of Hearing dated April 10, 2007, 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 Fact, Conclusions of Law and Recommendations of the Hearing Officer, James L. Kopecky, Esq., in the above-captioned matter have been read and examined.

WHEREAS, the proposed Findings of Fact of the Hearing Officer are correct in part and incorrect in part and are hereby adopted as modified as the Findings of Fact of the Secretary of State:

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1. That the Department served Respondent Felix Daniel with the Amended Notice of Hearing on April 17, 2007.
2. That the Respondents failed to answer, appear, or submit a responsive pleading.
3. That the Respondents did not appear at the Hearing.
4. That Felix Daniel ("Daniel") is an individual whose last known address is 16400 N. Park Drive, apt. #418, Southfield, Michigan 48075.
5. That Daniel is an officer, agent, and/or owner of RYM.
6. That RYM Technology Holdings, LLC dba RYM Technology, LLC ("RYM") is a business entity located at 330 E. Maple Road, Suite 408, Birmingham, Michigan 48009.
7. That RYM is a Michigan limited liability company doing business in Illinois, and markets itself among other things as providing a "Mortgage Reduction Program" as well as conducting "property acquisitions and leasebacks." RYM is not registered to do business in the State of Illinois.
8. That in or about July 2005 Daniel and RYM, as part of the "Mortgage Reduction Program," offered to one or more Illinois residents ("Investor") the Residential Lease and Trust Agreement ("RTLA").
9. That RTLA provided: that title to Investor's house would go into a RYM Trust of which Investor would be the beneficiary; that RYM could not transfer title to Investor's house without Investor's consent; that Investor would continue to live in the house as long as Investor continued to make stipulated rent payments to RYM; that RYM would pay all accruing tax and hazard insurance bills; and that Investor would get back record legal title to the house from the RYM Trust at the end of five years free and clear of all mortgage liens (Investor's house had been re-mortgaged at \$166,126.96).
10. That on or about July 14, 2005, Investor entered the RTLA, which was accepted by RYM and signed by Daniel. In consideration for the RTLA, Investor signed over a check from the closing on the house in the amount of \$44,156.71.
11. That notwithstanding the promises made in the RTLA, to pay all accruing tax and hazard insurance bills; and to return Investor's house to Investor after five years free and clear of all mortgage liens, RYM and Daniel failed and refused to pay all accruing tax and hazard insurance bills, and

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failed to make any payments on the \$166,126.96 mortgage for Investor's house. Investor's house soon went into foreclosure.

WHEREAS: The Secretary of State makes the following additional Finding of Fact based upon Exhibit A2 presented at the Hearing:

12. That the Department properly served the Amended Notice of Hearing on Respondent RYM on or about April 17, 2007.

WHEREAS, the proposed Conclusions of Law made by the Hearing Officer are correct in part and incorrect in part and are hereby adopted as modified as the Conclusions of Law of the Secretary of State:

- (1) That the Department properly served the Amended Notice of Hearing on Respondent Felix Daniel on or about April 17, 2007.
- (2) That the Amended Notice of Hearing included the information required under Section 130.1102 of the Rules and Regulations under the Illinois Securities Laws of 1953 ("Rules").
- (3) That the Secretary of State has jurisdiction over the subject matter hereof pursuant to the Act.
- (4) That because of Respondents' failure to file a timely answer, special appearance or other responsive pleading in accordance with Section 130.1104:
 - a. the allegations contained in the Amended Notice of Hearing are deemed admitted;
 - b. Respondents waived their right to a hearing.
 - c. Respondents are subject to an Order of Default.
- (5) That because the Respondents failed to appear at the time and place set for hearing, in accordance with Section 130.1109 of the Rules, they:
 - a. waived their rights to present evidence, argue, object or cross examine witnesses; or
 - b. otherwise participate at the Hearing.
- (6) That the activities set forth in paragraphs 4 through 11 of the proposed Findings of Fact constitute the offer and sale of an investment contract, and therefore a security as those terms are defined at Sec. 2.1, 2.5, and 2.5a of the Illinois Securities Law of 1953 (815 ILCS 5) (the "Act").

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- (7) That Section 5 of the Act states, *inter alia*, that all securities except those set forth under Section 2a of this Act, or those exempt under Section 3 of this Act, or those offered or sold in transactions exempt under Section 4 of this Act, or face amount certificate contracts required to be registered under Section 6 of this Act, shall be registered as hereinafter in this section provided, prior to their offer or sale in this State.
- (8) That Daniel and RYM failed to file with the Secretary of State an application for registration of the securities described above as required by the Act and that as a result the security was not registered pursuant to Section 5 of the Act prior to its offer and sale in the State of Illinois.
- (9) That Section 12.A of the Act provides 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.
- (10) That Section 12.D of the Act provides that it shall be a violation of the provision so of this Act for any person to fail to file with the Secretary of State any application, report or document required to be filed 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.
- (11) That Respondent Felix Daniel has violated Sections 12.A and 12.D of the Act.
- (12) That Section 12.F of the Act provides that it shall be a violation of the provisions of this 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.
- (13) That Section 12.G of the Act provides that it shall be a violation of the provisions of this 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 the light of the circumstances under which they were made, not misleading.
- (14) That Section 12.I of the Act provides that it shall be a violation of the provisions of this 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.

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- (15) That Respondent Felix Daniel has violated Sections 12.F, G, and I of the Act.
- (16) That Section 11.E(2) of the Act provides, *inter alia*, if the Secretary of State shall find that any person has violated sub-section D, F, G, or I of Section 12 of this Act, the Secretary of State may by written order permanently prohibit the person from offering or selling any securities in this state.
- (17) That Respondent Daniel is subject to permanent prohibition from offering or selling any securities in this state pursuant to Section 11.E(2) of the Act.
- (18) That Section 11.E(4) of the Act provides, *inter alia*, that in addition to any other sanction or remedy contained in this subsection E, the Secretary of State, after finding that any provision of this Act has been violated, may impose a fine as provided by rule, regulation or order not to exceed \$10,000, for each violation of this Act, may issue an order of public censure against the violator, and may charge as costs of investigation all reasonable expenses, including attorney's fees and witness fees.
- (19) That Respondent Felix Daniel is subject to a fine, censure and costs of investigation pursuant to Section 11.E(4) of the Act.

WHEREAS the Department makes the additional Conclusions of Law based upon the Findings of Fact and the Conclusions of Law numbers 2 through 10, 12 through 14, 16, and 18:

- (20) That the Department properly served the Amended Notice of Hearing on Respondent RYM on or about April 17, 2007.
- (21) That Respondent RYM has violated Sections 12.A and 12.D of the Act.
- (22) That Respondent RYM has violated Sections 12.F, G, and I of the Act.
- (23) That Respondent RYM is subject to permanent prohibition from offering or selling any securities in this state pursuant to Section 11.E(2) of the Act.
- (24) That Respondent RYM is subject to a fine, censure and costs of investigation pursuant to Section 11.E(4) of the Act.

WHEREAS, the Hearing Officer recommended that the Secretary of State should:

1. Prohibit Respondent Felix Daniel from selling or offering for sale securities in the State of Illinois.

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2. Prohibit Respondent RYM from selling or offering for sale securities in the State of Illinois
3. Fine Respondent Felix Daniel in the amount of \$10,000.00 for each violation of the Illinois Securities laws, for a total of \$50,000.00.
4. Assess costs to Respondent Felix Daniel in the amount of \$2,500.00.


WHEREAS, the Hearing Officer found the Respondents in default and recommended that the Secretary of State prohibit Respondent Felix Daniel from offering or selling securities in the state of Illinois; fine Respondent Felix Daniel in the amount of \$10,000 for each violation; and order Respondent Felix Daniel to pay costs in the amount of \$2,500.00; and the Department accepts the recommendation of the Hearing Officer.

WHEREAS, the Secretary of State in addition has determined based upon the Findings of Fact and Conclusions of Law that an Order shall be entered permanently prohibiting Respondent RYM from offering or selling securities in the State of Illinois

NOW THEREFORE, IT SHALL BE AND IS HEREBY ORDERED THAT:

1. Respondent Felix Daniel is **PROHIBITED** from selling or offering for sale securities in the State of Illinois.
2. Respondent RYM is **PROHIBITED** from selling or offering for sale securities in the State of Illinois
3. Respondent Felix Daniel is **FINED** in the amount of \$10,000.00 for each violation of the Illinois Securities laws, for a total of \$50,000.00.
4. Respondent Felix Daniel shall pay **COSTS** in the amount of \$2,500.00.

ENTERED: This 14th day of August 2007.


JESSE WHITE
Secretary of State
State of Illinois

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.