

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: ANGELINA)
LAZAR and CHARISMATIC)
EXCHANGE INC. d/b/a CHARISMATIC))
HOLDINGS CO., Ltd.)
_____)

No. C0600279

NOTICE OF HEARING

TO THE RESPONDENT: Angelina Lazar
8635 West Sahara Ave., #414
Las Vegas, NV 89117

Angelina Lazar
CEO and President
Charismatic Exchange, Inc.
7469 W Lake Mead Bl 200
Las Vegas, NV 89117

Angelina Lazar
CEO and President
Charismatic Exchange, Inc.
3960 Howard Hughes Parkway
Suite 500
Las Vegas, NV 89117

Angelina Lazar
CEO and President
Charismatic Exchange, Inc.,
Lakeside Center
2620 Regatta Drive, Suite 102
Las Vegas, NV 89128

You are hereby notified that, pursuant to Section 11.F of the Illinois Securities Law of 1953 (815 ILCS 5/1, *et seq.*) (the "Act") and 14 Ill. Adm. Code 130, Subpart K (the "Rules"), a public hearing is scheduled to be held at 69 W. Washington Street, Suite 1220, Chicago, Illinois 60602, on the 20th day of November 2006, at 10:00 a.m., or as soon thereafter as counsel may be

heard, before **James L. Kopecky, Esq.**, or another duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether an Order shall be entered Finding Respondent Angelina Lazar and Respondent Charismatic Exchange in violation of the Act and granting such other relief as may be authorized under the Act including but not limited to the imposition of a monetary fine in the maximum amount of \$10,000.00 per violation pursuant to Section 11.F of the Act, for each and every violation, payable within ten (10) business days of the entry of the Order.

The grounds for such proposed action are as follows:

1. Respondent Angelina Lazar ("Lazar") is the founder, President, Secretary, Treasurer, Director and Corporate Executive Officer of Respondent Charismatic Exchange, Inc. Lazar's last known residential address is 8635 West Sahara Ave., #414, Las Vegas, NV 89117.
2. Charismatic Exchange, Inc. ("Charismatic" collectively with Lazar as "Respondents") is a Nevada Corporation, in default since May of 2006 that, until December of 2005, did business from 30 South Wacker Drive, 22nd Floor, Chicago, Illinois. Charismatic also does business as *Charismatic Holdings Co., Ltd.*, an unregistered entity.
3. Its website and promotional literature lists its address as 3960 Howard Hughes Parkway, Suite 500, Las Vegas, Nevada. Charismatic's current addresses are 2620 Regatta Drive, Suite 102, Lakeside Center, Las Vegas, Nevada, and, as of September 28th, 2006, 7469 W Lake Mead Bl. 200 in Las Vegas, Nevada.

THE SCHEME

4. During the summer of 2005 Respondents placed advertisements in Chicago-land newspapers offering their "investment banking services" to the public.
5. At least one Illinois resident ("Investor") called for information regarding the offer in response to which Respondents sent Investor their Offering Circular.
6. Respondents' "investment banking services" consisted of offering and selling Charismatic Investment Contracts ("Contracts"), with a with a 20% monthly return on the principal guaranteed. The Offering Circular stated in pertinent part:

Charismatic Exchange, Inc. is an intimate and exclusive Trading Company in the *Foreign Exchange* market which deals primarily with high net worth investors and entrepreneurs...In order for us to regularly trade more foreign currencies in the FOREX market we have formed a lucrative and intimate business opportunity by accepting loans from our partnering Investors where we offer them a lucrative 20% R.O.I. per month. Such a return can only be offered in the high risk, high yield

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arena of foreign exchange where our trading skills and discipline are par excellence.

Charismatic Exchange Inc. takes the risk on all trades and is obliged to return our clients as promised a 20% return per month until either party wishes to terminate the Agreement. *Charismatic Exchange, Inc.* covers the cost of all trades, including interest when sitting in overnight trades (when swing or position trading) and takes all risks while trading while affording our Lenders a passive 20% monthly return no matter what the results we experience that month.

I look forward to personally working with you in our mutually lucrative business endeavor. Please feel free to call or email me as the need arises. I take great pride in letting my clients know that they are most liquid with *Charismatic Exchange, Inc.* while being afforded the most lucrative returns. This gives my clients a great peace of mind to know that they can gain access to their funds without any penalty while lending *Charismatic Exchange, Inc.* the image we have earned of perfecting our work and being fair, gracious and generous.

(emphasis, italics and grammar in original)

7. The Offering Circular also contained charts informing prospective investors how much certain investment amounts would be worth at the end of various time periods, for instance; a \$20,000.00 investment into Lazar's company would be worth \$178,322.00 at the end of the first year if the dividend payments were rolled over into the principal.
8. On August 18, 2005, Respondents sold to at least one Illinois resident ("Investor") an Investment Contract in the amount of fifteen-thousand and twenty dollars (\$15,020.00). The terms of the Contract read:

Charismatic Exchange, Inc. hereby agrees, under corporate and legal responsibility, to pay **Lender** or assigns a twenty percent (20%) monthly return on the Lender's principle to be utilized by **Charismatic Exchange, Inc.** This will continue with extension until termination of the transaction unless either party expresses the desire to discontinue further transactions at which point the principle with said interest is to be returned to **Lender** at the end of the current month. This is a contingent fee based upon the transaction occurring. If the loan is no longer needed by **Charismatic Exchange, Inc.**, the Company will notify **Lender** that the purposes of the Loan have been met and the principle with interest will be returned at current month's end. Likewise, if **Lender** is in need of his/principle, he/she will issue a notice to **Charismatic Exchange, Inc.** where **Charismatic Exchange, Inc.** will be responsible to return the full principle with accrued interest within 2-4 weeks from notice.

(emphasis, italics and grammar in original)

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9. On August 26, 2005 Respondents deposited Investor's \$15,020.00 into Charismatic's bank account with other investors' funds (the "Pooled Account"). The Pooled Account was opened by, and solely controlled by, Lazar.
10. Lazar, however, used the Pooled Account to fund her lavish lifestyle, rather than for its purported purpose: trading in the FOREX market, which in turn was supposed to generate the promised 20% monthly return.
11. Throughout the fall of 2005 and into the winter, Investor called Respondent Lazar to demand the payment of his principal and interest, according to the terms of the Investment Contract.
12. Instead, on December 9, 2005, Lazar offered to exchange Investor's balance owed for forty-seven five hundred dollars (\$47,500.00) worth Charismatic Exchange, Inc. shares, but Investor continued to demand payment of his principal and interest, according to the terms of the Investment Contract.
13. Throughout January and February of 2006 Investor continued to call Respondent Lazar to demand an explanation on how and when Respondents would pay him his \$47,500.00.
14. Respondents refused to answer Investor's calls or inquiries.
15. On March 2, 2006, Lazar sent Investor, and other investors, a mass-mailing that stated in pertinent part:

"You will be paid out now very shortly...
In a matter of days...."

....

"I am here!
-Nearing completion.
Wait.
That is all you can do now is *wait*
and there is nothing more for anyone to do.
But *do so* with faith.
Sometimes, waiting is the toughest, I empathize.
But let us pick up the lesson then – *whatever it is....*
And, forgive me for saying, but it just might be our greatest lesson ever..... ☺"

(italics, grammar and emoticon in original)

16. On or about April 4, 2006, Lazar sent Investor, and other investors, another mass mailing criticizing them for calling her, and stating, among other things:

"I can only be truthful, and tell you where we are at. I work diligently to arrive at our payouts. God has never let me down and I don't plan on letting you down. In fact, I am just sure that God is blessing me *so* with

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the results I cannot speak of now as a result of my taking care of you as I should. I know you cannot see that now, and that is alright. I promise you will. *You will.* ...

So, all I can say is: do not even impose upon yourselves the desire to stress yourself out about anything I am not concerning you with. Updates-shmupdates is how I see it: when what I need to do is simply get you your money, and the rest, leave up to me to handle, the hows, the whys, the ways – because that is least stressful for you and for me.”

...

I pray for each of you that God heal you and give you such a divine peace until I can place so gently and lovingly your money in your hands, which will bless me all the more, *I know*, So, you cannot want it more than I. I will not fail you, because God *never* fails me. I do not accept a failing mindset, nor failing ways. **I consecrate everything I do to God**, resolving all my trials and tribulations, and come out cleansed and blessed beyond measure! I wish and know the same will be for you...”

...

(emphasis and italics and in original)

17. To date, Respondents Lazar and Charismatic have failed and refused to pay Complainant his \$47,500.00 due, according to the terms of the Investment Contract.
18. The activities described in paragraphs 4 through 8, above, constitute the offer and sale of an investment contract, and 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 5/1 *et seq.*] (the "Act").

UNREGISTERED SALE OF SECURITIES

19. Section 5 of the Act requires all securities offered or sold in Illinois to be registered with the Secretary of State.
20. Section 12.A of the Act states that it shall be a violation of the provisions of the Act to offer or sell any security except in accordance with the provisions of this Act.
21. Section 12.D of the Act states that it shall be a violation of the provisions of the Act to fail to file with the Secretary of State any application, report or document required to be filed under the provisions of the Act or any rule or any regulation made by the Secretary of State.

22. Respondents' Investment Contracts described in paragraphs 4-18, above, were not registered with the Secretary of State, and therefore, Respondents have violated Sections 12.A and 12.D of the Act.

FRAUD IN THE SALE OF SECURITIES

23. Section 12.F of The Act states 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." 815 ILCS 5/12.F.
24. Section 12.G of the Act states 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 light of the circumstances under which they were made, not misleading." 815 ILCS 5/12.G.
25. Section 12.I of the Act states 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. 815 ILCS 5/12.I.
26. By virtue of the conduct described in paragraphs 4-18, Respondents violated Sections 12.F, 12.G, and 12.I of the Act.

REFUSAL TO RESPOND TO SUBPOENAS

27. Pursuant to the authority granted in Sections 11.D of the Act the Illinois Securities Department ("Department") issued Respondents Lazar and Charismatic two subpoenas requiring complete responses to the information requested therein.
28. A first subpoena was deposited in the United States mail, (certified mail, return receipt requested) on June 21, 2006 and was addressed to Respondents at Lazar's personal residence located at 8635 West Sahara Ave., suite 414, Las Vegas, Nevada, 89117. Respondent Lazar was served the subpoena on June 24, 2006; the Response was due July 8, 2006.
29. A second subpoena was deposited in the United States mail, (certified, return receipt requested) on July 6, 2006, and was addressed to Respondents at Charismatic's business address of Lakeside Center, 2620 Regatta Drive, Suite 102, Las Vegas, Nevada, 89128. July 25, 2006. Respondents were served the subpoena on July 10, 2006; the Response was due July 25, 2006.
30. Respondents Lazar and Charismatic failed and refused to respond to the duly served subpoenas by their respective due dates and they continue to fail and refuse to respond.

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31. That Section 12.D of the Act provides, inter alia, that it shall be a violation 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 the Act or any rule or regulation made by the Secretary of State pursuant to the Act.
32. That by virtue of the foregoing, Respondents have violated Section 12.D of the Act.

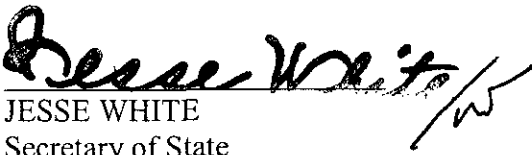
You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 Ill. Adm. Code 130) (the "Rules"), to file an answer to the allegations outlined above within thirty (30) days of the receipt of this Notice. A failure to file an answer within the prescribed time shall be construed as an admission of the allegations contained in the Notice of hearing.

Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute default, unless any Respondent has upon due notice moved for and obtained a continuance.

A copy of the Rules, promulgated under the Act and pertaining to Hearings held by the Office of the Secretary of State, Securities Department, is include with this Notice.

Delivery of Notice to the designated representative of any Respondent constitutes service upon such Respondent.

DATED: This 29th day of September 2006.


JESSE WHITE
Secretary of State
State of Illinois

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