

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

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**IN THE MATTER OF:**

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) **File No. 07 00184**  
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**Charles Nyang'iti.**  
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**TEMPORARY ORDER OF PROHIBITION**

TO THE RESPONDENT:

Charles Nyang'iti  
1644 Pfingsten Road  
Northbrook, Illinois 60062

On information and belief, I, Jesse White, Secretary of State for the State of Illinois, through my designated representative, who has been fully advised in the premises by the staff of the Securities Department, Office of the Secretary of State, herein finds:

**Count I:**

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

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.

Temporary Order of Prohibition

2

4. That Respondent told Investor A that he had developed a reliable options trading program that consistently generated profits.
5. Respondent Nyang'iti is 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.

Temporary Order of Prohibition

3

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 Respondents 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 Respondent 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.

Temporary Order of Prohibition

4

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.

NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, Respondent Nyang'iti is **PROHIBITED** from:

Offering or selling securities in or from the State of Illinois until the further Order of the Secretary of State.

Offering or giving investment advice in or from the State of Illinois until the further Order of the Secretary of State

NOTICE is hereby given that Respondents may request a hearing on this matter by transmitting such request in writing to the Director, Illinois Securities Department, 69 W. Washington Street, Suite 1220, Chicago, Illinois 60602. Such request must be made within thirty (30) calendar days of the date of entry of the Temporary Order of Prohibition. Upon receipt of a request for hearing, a hearing will be scheduled as soon as reasonably practicable. A request for hearing will not stop the effectiveness of this Temporary Order and will extend the effectiveness of this Temporary Order for sixty days from the date the hearing request is received by the Department.

Temporary Order of Prohibition

5

FAILURE BY ANY RESPONDENT TO REQUEST A HEARING WITHIN THIRTY (30) CALENDAR DAYS AFTER ENTRY OF THIS TEMPORARY ORDER OF PROHIBITION SHALL CONSTITUTE AN ADMISSION OF ANY FACTS ALLEGED HEREIN AND SHALL CONSTITUTE SUFFICIENT BASIS TO MAKE THIS TEMPORARY ORDER OF PROHIBITION FINAL.

Dated: This 19<sup>th</sup> day of August 2008



JESSE WHITE  
Secretary of State  
State of Illinois

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