

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

IN THE MATTER OF:

**CHRISTOS FOTIADOS,
his partners, officers and directors, agents,
employees, members, affiliates, successors
and assigns.**

)
)
)
) **No 1000180**
)
)
)
)

TEMPORARY ORDER OF PROHIBITION

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

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 find:

1. Respondent Christos Fotiados (at times hereinafter "Fotiados" or "Respondent") had a last known address of 2043 West Belmont, Suite 4, Chicago, Illinois 60618.
2. Respondent Fotiados, 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 (hereinafter "ProtoGroup") an Illinois limited liability company engaged in the business of upgrading outdated computer software to allow the software to work on modern programs.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 Fotiados solicited and sold a portion of his own membership units in ProtoGroup to at least one individual (hereinafter "Investor").
4. During the solicitation process Fotiados 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 Fotiados 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%.
 - 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.

Temporary Order of Prohibition

-3-

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.
14. The aforementioned findings are based upon credible evidence.
15. Section 11.F(2) of the Act provides, *inter alia*, that the Secretary of State may temporarily prohibit the offer or sale of securities by any person, without notice and prior hearing, if the Secretary of State shall deem it necessary to prevent an imminent violation of the Act or to prevent losses to investors that will occur as a result of prior violations of the Act.
16. The entry of this Temporary Order of Prohibition prohibiting Respondent, or his agents, affiliates, successors and employees, members and assigns from offering or selling securities in the State of Illinois is in the public interest and for the protection of the investing public and is consistent with the purposes intended by the provisions of the Act.

NOW THEREFORE IT IS HEREBY ORDERED THAT: pursuant to the authority granted by Section 11.F of the Act, Respondent **Christos Fotiadis**, his partners, officers and directors, agents, employees, members, affiliates, successors and assigns are **Temporarily Prohibited** from offering or selling securities in or from this State 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 West 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 of Prohibition and


Temporary Order of Prohibition

-4-

will extend the effectiveness of this Temporary Order of Prohibition for sixty (60) days from the date the hearing request is received by the Department.

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 27th day of January 2011.



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
312-793-9650