

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF DETERMINING) Order Number S-06-234-07-SC01
Whether there has been a violation of the)
Securities Act of Washington by:) STATEMENT OF CHARGES AND NOTICE
) OF INTENT TO ENTER CEASE AND
PETER MOOYMAN and PIPS, INC.) DESIST ORDER AND TO CHARGE COSTS
)
Respondents)
)

THE STATE OF WASHINGTON TO: PETER MOOYMAN
PIPS, Inc.

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents PIPS, Inc., hereinafter "PIPS" and Peter Mooyman, hereinafter "Mooyman" have violated the Securities Act of Washington and that their violations justify the entry of an order under RCW 21.20.390 to cease and desist from such violations. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

RESPONDENTS

1. PIPS, Inc. a/k/a/ People in Profit System, Inc.; Private Investment Profit System, Inc.; PIPS international, Inc. (PIPS) is an entity purportedly incorporated in Panama with a last known mailing address of PT7323 Jalan BBN 1/2 E, Bandar Baru Nilai, Negeri Sembilan 71800 Malaysia.

1 2. From 2003 through 2005, PIPS, through its agents and members, offered “memberships”
2 to purchase investments in an “investment fund” with the expectation of 2% interest per day.

3 3. Peter Mooyman (Mooyman), a Yelm, Washington resident, is an individual and a
4 member of PIPS who solicited and recruited investments from Washington residents on behalf of
5 PIPS.

6 **NATURE OF OFFERING**

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8 4. In approximately April, 2004, Mooyman personally contacted a Washington resident and
9 offered to sell an investment in PIPS. The investment was to consist of “units” of PIPS. Each
10 unit had a cost of \$25 US. The units were to be placed in an investment fund, which was to earn
11 2% per day interest.

12 5. Mooyman told the investor that he and others had invested in PIPS and were earning a
13 good return.

14 6. Mooyman told the investor that he had invested a total of \$900 and had allowed this sum
15 to accumulate interest without making any withdrawals for one year. After one year, he was able
16 to withdraw \$1,000 per month without reducing the growth rate of his account.

17 7. Mooyman gave the investor his business card which advertised a return of investment of
18 1.9% per day.

19 8. Mooyman represented that “members” of PIPS received \$10 per month for every person
20 who signed up through them and that he was collecting \$200 per month for signing up new
21 members.

22
23 9. The Washington investor purchased a total of one hundred sixty (160) units of PIPS in
24 two separate transactions. The units were purchased by two cashier’s checks, with the checks
25 made payable to Peter Mooyman. The checks were sent to Mooyman via US Mail. The total

1 investment was \$4,000 plus an additional \$60 for fees incurred in the transactions. The investor
2 did not participate in any way in the management of the investment fund.

3 **MISREPRESENTATIONS AND OMISSIONS**

4 10. Respondents failed to disclose material information to the investor about the investment
5 opportunity described above, including the fact that PIPS investors had been having problems
6 obtaining withdrawals from their accounts prior to and at the time the investor agreed to invest.
7 Respondents also failed to provide material information about the investment, including, but not
8 limited to, the use of the funds by PIPS and financial statements of PIPS.
9

10 **REGISTRATIONS**

11 11. PIPS is not currently registered to offer or sell its securities in the state of Washington
12 and has not previously been so registered.

13 12. Mooyman is not currently registered as a securities salesperson or broker-dealer in the
14 state of Washington and has not previously been so registered.

15 **OTHER ACTIONS**

16 13. On June 24, 2005, the State of Missouri issued an Order to Cease and Desist against
17 Bryan Marsden (a controlling officer of PIPS, Inc.) and PIPS, Inc. prohibiting them from offering
18 or selling securities in that state unless the securities are registered and also prohibiting them from
19 making any untrue statement of a material fact or omitting to state a material fact necessary in
20 order to make the statement made, in light of the circumstances under which it is made, not
21 misleading.
22

23 14. On September 19, 2005, the Commissioner of Insurance of the State of Iowa issued a
24 Cease and Desist Order against PIPS, its founder and Chief Executive Officer. The Cease and
25

1 Desist Order prohibited sales of PIPS investments. The Order became a final Order on October
2 19, 2005.

3 15. On April 6, 2005, the Texas Securities Board issued an Emergency Cease and Desist
4 Order to PIPS. The Order prohibited the respondents from offering for sale any security in
5 Texas until the security is registered or the security is offered for sale pursuant to an exemption
6 from registration. The Order also prohibited engaging in any fraud in connection with the offer
7 for sale of any security and offering securities in Texas.
8

9 16. On May 20, 2005, the Alaska Department of Community and Economic Development
10 issued a Temporary Order to Cease and Desist and Order of Investigation directed, in part, to
11 PIPS. The Order “determined that PIPS is an unregistered security, which is being offered for
12 sale in violation of the Alaska Securities Act.” The Order also stated that the plan “...where
13 investors are told they will get paid 2% per day on their investment, is a fraudulent investment
14 which is being sold through misrepresentation.”

15 17. On June 6, 2005, the Nebraska Department of Banking and Finance issued an Order to
16 Cease and Desist directed, in part, to PIPS. The Order prohibited PIPS and its agents to stop
17 offering and selling securities in Nebraska unless they register with the state.
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19
20 Based upon the Tentative Findings of Fact, the following Conclusions of Law are made:

21 **CONCLUSIONS OF LAW**

22 1. The offer or sale of the investment opportunity described above constitute the offer or
23 sale of a security as defined in RCW 21.20.005(10) and (12).

24 2. The offer or sale of said security was made in violation of RCW 21.20.010 because as set
25 forth in the Tentative Findings of Fact, Respondents omitted to state material facts necessary in

1 order to make the statements made, in the light of the circumstances under which they were made,
2 not misleading.

3 3. The offer or sale of said security, by Respondents, is in violation of RCW 21.20.140
4 because no registration for such offer or sale is on file with the Securities Administrator.

5 4. Respondent Peter Mooyman has violated RCW 21.20.040 by offering or selling said
6 securities while not registered as a securities salesperson or broker-dealer in the state of
7 Washington.
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10 **NOTICE OF INTENT TO ORDER RESPONDENT TO CEASE AND DESIST**

11 Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and
12 Conclusions of Law, the Securities Administrator intends to order that Respondents PIPS, Inc.
13 and Peter Mooyman cease and desist from violations of RCW 21.20.010, RCW 21.20.140 and
14 21.20.040.

15 **NOTICE OF INTENT TO CHARGE COSTS**

16 Pursuant to RCW 21.20.390(5), and based upon the above Tentative Findings of Fact and
17 Conclusions of Law, the Securities Administrator intends to order that Respondents PIPS, Inc.
18 and Peter Mooyman pay costs, fees and expenses of not less than \$2,000 incurred in the conduct
19 of the administrative investigation and hearing of this matter.
20

21 **AUTHORITY AND PROCEDURE**

22 This Order is entered pursuant to the provisions of RCW 21.20.390 and 21.20.395 and is
23 subject to the provisions of RCW 34.05. The Respondents may make a written request for a
24 hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY
25 FOR HEARING accompanying this order.

1 If Respondents do not request a hearing, the Securities Administrator intends to adopt the
2 above Tentative Findings of Fact and Conclusions of Law as final, and enter a permanent
3 cease and desist order, and charge costs as to each respondent who does not request a hearing.
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5 Dated and Entered this 31st day of December, 2007.
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9 MICHAEL E. STEVENSON
10 Securities Administrator

11 Approved by:

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14 Martin Cordell
15 Chief of Enforcement

16 Presented by:

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19 John Stanislay
20 Financial Legal Examiner Supervisor
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