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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

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IN THE MATTER OF DETERMINING) Order No. S-15-1649-15-TO01
Whether there has been a violation of the)
Securities Act of Washington by:) SUMMARY ORDER TO CEASE AND DESIST AND
Mayer Etkin d/b/a Shangye Capital Partners,) NOTICE OF INTENT TO CHARGE COSTS
Respondent.)

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THE STATE OF WASHINGTON TO: Mayer Etkin d/b/a Shangye Capital Partners

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the state of Washington has reason to believe that Respondent Mayer Etkin d/b/a Shangye Capital Partners has violated the Securities Act of Washington, Chapter 21.20 RCW. The Securities Administrator believes these violations justify the entry of an order summarily ordering the respondent to cease and desist from violating the Securities Act of Washington and giving notice of intent to charge costs pursuant to RCW 21.20.390. The Securities Administrator finds that a delay in ordering the respondent to cease and desist from such violations would be hazardous to the investors and to the public, and that a Summary Order to Cease and Desist should be entered immediately. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

Respondent

1. Mayer Etkin d/b/a Shangye Capital Partners (“Etkin”) is a resident of Seattle, Washington. In offerings and communications with prospective investors, Etkin identifies himself as the owner or managing director of Shangye Capital Partners. Shangye Capital Partners is not a registered business entity in the state of Washington or any other jurisdiction.

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Prior Actions

Regulatory Actions

2. On October 21, 1988, the Securities Division of the state of Washington entered a Temporary Order to Cease and Desist and Opportunity for Hearing against Etkin for offering unregistered securities in the *Seattle Times* newspaper. The Division alleged that Etkin violated the registration and anti-fraud sections of the Securities Act of Washington.

3. On March 26, 2001, the Securities Division of the state of Washington entered a Summary Order to Cease and Desist against Etkin for offering unregistered securities online. The Division alleged that Etkin violated the registration and anti-fraud sections of the Securities Act of Washington.

4. On March 7, 2002, the Securities Department of the state of Illinois entered a final Order of Prohibition against Etkin for offering unregistered securities online. The Department found that Etkin violated the securities registration sections of the Illinois Securities Law. The Department permanently prohibited Etkin and his entity from engaging in the offer or sale of securities in the state of Illinois.

Bankruptcy and Civil Judgments

5. On November 19, 2001, a judgment was entered against Etkin in King County Superior Court after he failed to repay a \$100,000 bridge loan. The plaintiff had provided funds to Etkin to facilitate the sale of a tax loss carryforward for the plaintiff. Etkin spent the funds but did not sell the tax loss carryforward. On December 3, 2002, Etkin filed for Chapter 7 bankruptcy in the Western District of Washington, and he received a discharge of his debts on September 16, 2003. On November 7, 2008, a \$5,025 judgment was entered against Etkin in King County Superior Court after he failed to repay a loan.

Criminal Conviction

6. On June 6, 2007, Etkin was charged by the King County Prosecuting Attorney's Office with one count of Identity Theft in the First Degree and one count of Attempted Identify Theft in the Second

1 Degree. According to charging documents, between 2002 and 2005 Etkin charged more than \$27,000 to
2 seven credit cards that he opened in his mother's name, and for which he designated himself as an
3 authorized user. On February 28, 2008, Etkin entered a plea and was convicted of one felony count of
4 Identity Theft in the First Degree.

5 **Nature of the Conduct**

6 *The Offerings*

7 7. Through August 2015, Etkin has offered unregistered securities to the general public through
8 multiple postings on LinkedIn, Craigslist, and other websites and Internet message boards. Etkin typically
9 seeks bridge loans of \$50,000 to \$100,000, and he offers returns of 15% to 25% in 90 to 120 days. Etkin
10 generally represents that he is raising funds to close or negotiate a business deal, and that the investor's
11 funds will be repaid after the deal closes. If an investor invests with Etkin, the investor will not have control
12 over the use of the investment funds, will rely on Etkin to generate a return on the investment, and will not
13 have a role in closing or negotiating the deals from which a return will be generated.

14 8. According to offering materials, Shangye Capital Partners is a "US based private investment
15 company with an emphasis on Asia." In communications with prospective investors, Etkin summarizes his
16 approach by first explaining that prospective investors will be required to sign a non-disclosure agreement.
17 Etkin also states, "We do our own deals as principals and take a spread in both interest rate as well as an
18 equity kicker." Next, Etkin represents that a "combination offshore documentary and settlement account"
19 will be established, which Etkin explains is a hybrid of an escrow account and an attorney's trust account.
20 This offshore account, Etkin explains, will allow the exchange of funds and documents that are necessary
21 for the deal from which the return will be generated to close.

22 9. Etkin posts unregistered securities offerings on websites that are available to the general
23 public both inside and outside of Washington State. Etkin also posts offers on websites that are directed
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1 towards residents of Washington. For instance, in or around November 2014, Etkin posted an offer on
2 seattle.craigslist.org titled "Takeover Partners Needed ASAP! - \$50000 (Seattle)." In the posting, Etkin
3 solicited \$50,000 to cover pre-closing costs for a deal that involved forming a "special purpose acquisition
4 entity" to receive some assets Etkin purportedly had access to. Etkin represented that he could pay a "very
5 nice substantial return for the short term use of the money." When a prospective investor requested
6 additional information, Etkin requested a meeting at a restaurant in Seattle, Washington.

7 10. More recently, in August 2015, Etkin posted an offer on seattle.craigslist.org titled "Partner
8 or JV with us - \$25000 (Seattle Area)." In the posting, Etkin solicits "a few hundred thousand dollars" from
9 prospective investors and offers a negotiable return for the short term use of the funds. The investment
10 funds will be used to cover pre-closing costs associated with "turnkey" deals to which Etkin purportedly has
11 access.

12 11. In some instances, Etkin represents that the bridge loan investment will be used to acquire an
13 asset that can then be "monetized." For example, in or around May 2014, Etkin posted an offer on
14 DailyFunder.com titled "A simple deal!" In the posting, Etkin represented that "[w]e were just offered an
15 opportunity to receive a contract for a combination payroll/debit card processing system." The solicitation
16 sought to raise \$45,000, and it offered potential investors a 25% return in 90 days. The \$45,000 was to be
17 used to finalize the contract, which would be written in such a way that it would be "legally viewed as a
18 purchase order and thus qualify for purchase order financing so that we can obtain larger dollars." Etkin
19 represented that the prospective investor would be repaid from the funds that resulted from financing the
20 contract.
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22 12. In some offers, Etkin claims that the bridge loan investment will provide the prospective
23 investor with access to additional funds. For instance, in or around June 2015, Etkin posted an offer on
24 LinkedIn titled "Partner with cash & or credit to tap into 500k" that sought to raise \$50,000 for 90 to 120
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1 days. Etkin offered potential investors a return of 17.60%, as well as the use of \$500,000 for a “project or
2 acquisition” of the prospective investor’s choosing. The next month, in or around July 2015, Etkin posted
3 an offer on LinkedIn titled “A \$500,000.00 cash trade off opportunity!” In the posting, Etkin represented
4 that there was “an unallocated \$500,000 that is coming out of a bridge loan for an acquisition that we are
5 doing.” Etkin sought to raise \$85,000 to cover pre-closing costs, and he offered prospective investors a
6 return of \$15,000. Etkin also offered prospective investors the \$500,000 to fund a deal agreed upon by
7 Etkin and the prospective investor.

8 *Misrepresentations and Omissions*

9 13. When offering bridge loan investments, including those described above, Etkin fails to
10 disclose material information related to his background and history of securities violations. Etkin fails to
11 disclose that he was the subject of securities enforcement actions in 1988, 2001, and 2002. Etkin also fails
12 to disclose that he became the subject of civil judgments in 2001 and 2008 after he failed to repay loans, that
13 he filed for bankruptcy in 2002, and that he has a 2008 felony conviction for identify theft.

14 14. Etkin fails to disclose material information related to the deals for which he is soliciting pre-
15 closing funds. Etkin fails to disclose whether the deals will require additional funds or additional parties,
16 the identity and business experience of any additional parties who are involved in the deals, the basis for the
17 time needed to close the deal, and the basis for the amount of pre-closing costs being sought.

18 15. Etkin fails to disclose material information related to the risk of investing in Etkin’s bridge
19 loan investments. Etkin fails to disclose the general or specific risks of investing through a bridge loan,
20 including the risk that additional funds could be needed to close the deal. Etkin also fails to disclose that
21 Shangye Capital Partners is not a legally formed or registered business entity, that Etkin is “doing business
22 as” Shangye Capital Partners, and that Shangye Capital Partners does not have assets separate from Etkin.
23 While several of Etkin’s offerings include a guarantee of performance, Etkin fails to disclose whether this
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1 guarantee extends to the projected returns on the investment. Etkin also fails to disclose whether the
2 investor will be repaid if the transaction does not close, or if it does not close within a certain time period.
3 Etkin also fails to disclose whether he could cover the investment if the deal does not close, and he fails to
4 disclose any financial statements or other financial information concerning his ability to guarantee
5 repayment.

6 *Warnings of Potential Securities Act Violations*

7 16. In the past twelve months, at least three prospective investors have responded to Etkin's
8 securities offers and then filed complaints with the Securities Division. These prospective investors have
9 not invested with Etkin. In April 2015, the Securities Division notified Etkin that it was conducting an
10 investigation into whether Etkin had violated the Securities Act of Washington. The Division also notified
11 Etkin that he must immediately cease and desist from any violations of the Securities Act of Washington.

12 17. In June 2015, pursuant to an investigative subpoena, Etkin gave testimony under oath to the
13 Securities Division. During this testimony, Etkin represented that he had not received any investments or
14 bridge loan funds since approximately 2000. After the testimony, Etkin was notified that posting
15 unregistered securities offerings on websites accessible to the general public could constitute a violation of
16 the Securities Act of Washington.

17 18. Despite this admonition, Etkin continues to post unregistered securities offerings online.
18 Since June 15, 2015, Etkin has posted at least two new offers on seattle.craigslist.com and at least five new
19 offers on LinkedIn. In these offers, Etkin solicits the short-term use of investor funds and offering a return
20 on investment. In these new offers, Etkin fails to disclose material information related to his background
21 and history of securities violations, and he fails to disclose the risks associated with the investments.
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Registration Status

19. Mayer Etkin is not currently registered to offer or sell his securities in the state of Washington, and he has not previously been so registered.

20. Mayer Etkin is not currently registered as a securities salesperson or broker-dealer in the state of Washington, and he has not previously been so registered.

Based upon the above Findings of Fact, the following Conclusions of Law are made:

CONCLUSIONS OF LAW

1. The offer of the investments described above constitutes the offer of a security as defined in RCW 21.20.005(14) and (17).

2. Respondent Mayer Etkin has violated RCW 21.20.140 because, as set forth in the Tentative Findings of Fact, he offered securities for which no registration is on file with the Securities Administrator.

3. Respondent Mayer Etkin has violated RCW 21.20.040 because, as set forth in the Tentative Findings of Fact, he offered said securities while not being registered as a securities salesperson or broker-dealer in the state of Washington.

4. Respondent Mayer Etkin has violated RCW 21.20.010 because, as set forth in the Tentative Findings of Fact, in connection with the offer of securities, he made untrue statements of material fact or omitted to state material facts necessary to make the statements made, in light of the circumstances in which they were made, not misleading.

EMERGENCY

The Securities Administrator finds that an emergency exists, that the continued violations of RCW 21.20.140, RCW 21.20.040, and RCW 21.20.010 constitute a threat to the investing public, and that a summary order to cease and desist from these violations is in the public interest and necessary for the protection of the investing public.

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NOTICE OF INTENT TO CHARGE COSTS

Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that Respondent Mayer Etkin shall be liable for and shall pay the costs, fees, and other expenses incurred in the administrative investigation and hearing of this matter, in an amount not less than \$1,000.

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SUMMARY ORDER

Based upon the foregoing, NOW, THEREFORE, IT IS HEREBY SUMMARILY ORDERED that Respondent Mayer Etkin, his agents, and his employees each shall cease and desist from offering or selling securities in any manner in violation of RCW 21.20.140, the securities registration section of the Securities Act of Washington.

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IT IS FURTHER SUMMARILY ORDERED that Respondent Mayer Etkin, his agents, and his employees each shall cease and desist from violation of RCW 21.20.040, the securities salesperson and broker-dealer registration section of the Securities Act of Washington.

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IT IS FURTHER SUMMARILY ORDERED that Respondent Mayer Etkin, his agents, and his employees each shall cease and desist from violation of RCW 21.20.010, the anti-fraud section of the Securities Act of Washington.

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AUTHORITY AND PROCEDURE

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This Order is entered pursuant to the provisions of RCW 21.20.390 and is subject to the provisions of Chapter 34.05 RCW. The respondent, Mayer Etkin, may make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Order. If the respondent does not request a hearing in the allowed time, the Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final, and to enter a permanent order to cease and desist against the respondent.

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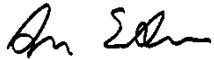
WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

Signed and Entered this 20th day of August 2015.



William M. Beatty
Securities Administrator

Approved by:



Suzanne Sarason
Chief of Enforcement

Presented by:



Holly Mack-Kretzler
Financial Legal Examiner

Reviewed by:



Robert Kondrat
Financial Legal Examiner Supervisor