

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.)

FILE NO. C0600279

ORDER OF PROHIBITION

TO THE RESPONDENTS: 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

WHEREAS, the above-captioned matter came on to be heard on November 20, 2006, pursuant to the Notice of Hearing dated September 29, 2006, filed by Petitioner Secretary of State, and the record of the matter under the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") has been reviewed by the Secretary of State or his duly authorized representative;

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WHEREAS, attorney Gregory Solberg appeared on behalf of the Department and introduced documentary evidence and investigative attorney Jason Chronopoulos testified in support of the allegations contained in the Notice of Hearing;

WHEREAS, the rulings of the Hearing Officer on the admission of evidence and all motions are deemed to be proper and are hereby concurred with by the Secretary of State;

WHEREAS, the proposed Findings of Fact, Conclusions of Law and Recommendations of the Hearing Officer James L. Kopecky, Esq., in the above-captioned matter have been read and examined;

WHEREAS, the Hearing Officer found that there existed jurisdiction over the Respondent, and further found that pursuant to Sections 130.1104(b) and 130.1109 of Rules and Regulations under the Illinois Securities Law of 1953 Respondent has admitted all factual allegations contained in the Notice of Hearing; and

WHEREAS, the proposed Findings of Fact of the Hearing Officer are correct and are hereby adopted as the Findings of Fact of the Secretary of State:

1. The Department served Respondents with a Notice of Hearing on September 29, 2006.
2. The Respondents failed to answer, appear, or submit a responsive pleading.
3. The Respondents did not appear at the hearing.
4. Respondent Angelina 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.

Charismatic Exchange, Inc. 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.

6. Charismatic Exchange, Inc. 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

7. During the summer of 2005 Respondents placed advertisements in Chicagoland newspapers offering their "investment banking services" to the public.
8. At least one Illinois resident ("Investor") called for information regarding the offer in response to which Respondents sent Investor their Offering Circular.
9. Respondents' "investment banking services" consisted of offering and selling Charismatic Investment Contracts ("Contracts"), 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 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)

10. 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.

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11. 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)

12. 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.
13. 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.
14. 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.
15. Instead, on December 9, 2005, Lazar offered to exchange Investor’s balance owed for forty-seven five hundred dollars (\$47,500.00) worth of Charismatic Exchange, Inc. shares, but Investor continued to demand payment of his principal and interest, according to the terms of the Investment Contract.
16. 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.
17. Respondents refused to answer Investor’s calls or inquiries.

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18. 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)

19. 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 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)

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20. 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.
21. Respondents' Investment Contracts were not registered with the Secretary of State.
22. The securities of Charismatic were not registered with the Secretary of State.
23. 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.
24. 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. Respondents were served the subpoena on July 10, 2006; the Response was due July 25, 2006.
25. 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.

WHEREAS, the substance of the Conclusions of Law made by the Hearing Officer are correct and are hereby adopted as the Conclusions of Law of the Secretary of State:

1. The Department properly served the Notice of Hearing on Respondent on September 29, 2006.
2. The Secretary of State has jurisdiction over the subject matter hereof pursuant to the Act.
3. Because of Respondents' failure to file timely an answer, a special appearance, or other responsive pleading in accordance with Section 13.1104:
 - (a) the allegations contained in the Notice of Hearing are deemed admitted;
 - (b) Respondents waived their right to hearing;
 - (c) Respondents are subject to an Order of Default.

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4. Because the Respondents failed to appear at the time and place set for hearing, in accordance with Section 130.1109, they:
 - (a) waived their right to present evidence, argue, object, or cross examine witnesses; or
 - (b) otherwise participate at the hearing
5. The activities described in paragraphs 7 through 11, of the above Proposed Findings of Fact, 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

6. Section 5 of the Act requires all securities offered or sold in Illinois to be registered with the Secretary of State.
7. 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.
8. 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.
9. Respondents' Investment Contracts described in paragraphs 7-19 of the above Proposed Findings of Fact 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

10. Section 12.F of the Act states that it shall be a violation of the provisions 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." 815 ILCS 5/12.F.
11. Section 12.G of the Act states that it shall be a violation of the provisions 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." 815 ILCS 5/12.G.

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12. Section 12.I of the Act states that it shall be a violation of the provisions 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. 815 ILCS 5/12.I.
13. By virtue of the conduct described in paragraphs 4-18 of the above Proposed Findings of Fact, Respondents violated Sections 12.F, 12.G, and 12.I of the Act.

REFUSAL TO RESPOND TO SUBPOENAS

14. 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.
15. 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.
16. 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.
17. That by virtue of the foregoing, Respondents have violated Section 12.D of the Act.
18. Section 11E(2) of the Act provides, *inter alia*, if the Secretary of State shall find that any person has violated sub-section C, D, E, F, G, H, I, J, or K of Section 12 of this Act, the Secretary of State may by written order permanently prohibit or suspend the person from offering or selling any securities, any mineral investment contract, or any mineral deferred delivery contract in this state, provided that any person who is the subject of an order of permanent prohibition may petition the Secretary of State for a hearing to present evidence of rehabilitation or change in circumstances justifying the amendment or termination of the order or permanent prohibition.

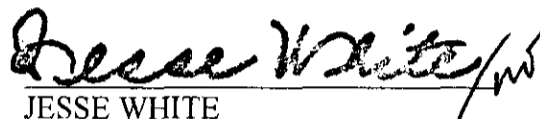
WHEREAS, the Hearing Officer has recommended that the Secretary of State should enter an order permanently prohibiting Respondents from offering, advising as to the sale of, or selling securities in the State of Illinois:

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NOW THEREFORE, IT SHALL BE AND IS HEREBY ORDERED:

1. That Angelina Lazar, her successors or assigns, are **PROHIBITED** from offering to sell or selling securities in the State of Illinois, pursuant to Section 11. E(2) of the Act; and
2. Charismatic Exchange, Inc. its directors, officers, successors or assigns, are **PROHIBITED** from offering, advising in the sale of, or selling securities in the State of Illinois, pursuant to Section 11.E (2) of the Act.

ENTERED: This 26th day of January, 2007.


JESSE WHITE
Secretary of State
State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12.D of the Act. Any person or entity that fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of this Order, shall be guilty of a Class 3 felony for each offense.

This is a final order subject to administrative review pursuant to the Administrative Review Law, 735 ILCS 5/3-101 et seq. and the Rules and Regulations of the Illinois Securities Act (14 Ill. Admin. Code, Ch. I, Sec. 130.1123). Any action for judicial review must be commenced within thirty-five (35) days from the date a copy of this Order is served upon the party seeking review.