

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: ERIC ROBERT RYDLEWSKI)
A/K/A ARKADIUSZ RYDLEWSKI)
D/B/A MERIT-INTERGROUP LTD.) NO. C0700406
his partners, officers and directors,)
managers, agents, employees,)
affiliates, successors and assigns.)

ORDER OF PROHIBITION AND FINE

TO RESPONDENT: ERIC ROBERT RYDLEWSKI
A/K/A ARKADIUSZ RYDLEWSKI
2421 NORTH 75TH AVENUE
ELMWOOD PARK, ILLINOIS 60707

ERIC ROBERT RYDLEWSKI
A/K/A ARKADIUSZ RYDLEWSKI
C/O BLC DEVELOPER
WLODKOWICA 12A
WROCLAW, POLAND 50-072

WHEREAS, the above-captioned matter came on to be heard on March 19, 2008 pursuant to Amended Notice of Hearing dated January 18, 2008, served on Respondent 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.

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, George P. Berbas, Esq., in the above-captioned matter have been read and examined.

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

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1. The Department served Respondent with the Notice of Hearing on January 18, 2008.
2. Respondent failed to appear either by himself or through his attorney at the hearing on March 19, 2008.
3. Due notice having been given to the Respondent, and Respondent having failed to appear, the Department was allowed to proceed to a Default Hearing. The hearing was conducted by way of introduction of the testimony of four State witnesses: Anna Migut, unnamed "Investor #2", Agnieszka Nowak, and Agnieszka Karwaczka. Investigator Grogan testified extensively and documentation was offered and accepted into evidence.
4. That Respondent, Eric Rydlewski, individually and d/b/a Merit Inter Group Ltd. solicited, accepted, and invested monies and funds from investors, which were Illinois residents, by telling these investors that he would invest their funds in real estate. Respondent Eric Rydlewski either individually or as Merit Inter Group Ltd. entered into contracts with these investors promising them interest payments, and the return of their principal.
5. That Section 2.1 of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act") defines "securities" to include, *inter alia*, "participating in any profit sharing agreement", "investment contracts", and "promissory notes".
6. That the activities engaged in by Respondent Eric Rydlewski constitute the offer and sale of 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").
7. That Section 5 of the Act provides, *inter alia*, that all securities except those exempt under Section 3 or those offered or sold in transactions exempt under Section 4 shall be registered either by coordination or by qualification prior to their offer or sale in the State of Illinois.
8. That Respondent, Eric Rydlewski failed to file with the Secretary of State an application for registration of the securities described above as required by the Act and that as a result the security was not registered pursuant to Section 5 of the Act prior to its offer in the State of Illinois.
9. That Section 12.A of the Act provides, *inter alia*, that it shall be a violation for any person to offer or sell any security except in accordance with the provisions of the Act.

WHEREAS the Secretary of State makes the additional Findings of Fact based upon the allegations of the Notice of Hearing and the uncontroverted evidence and testimony admitted at the Hearing:

10. In April 2007 Investor Anna Migut met Respondent Eric Rydlewski who subsequently solicited her to invest money with him that was to be used to invest in

real estate. She gave Respondent, Eric Rydlewski, a check in the amount of \$5,000.00, drawn on Mid America Bank and payable to Merit Inter Group. She executed an agreement with Respondent which stated that Respondent was to invest the money, pay her four interest payments totaling \$820.00, and pay her back her principal in full. Respondent assured her there was no risk involved in the investment, and that she would get all her money back. Respondent has not communicated with her since taking her money. (Testimony of Anna Migut).

11. Investor AD met Respondent Eric Rydlewski in May of 2007. She and her husband gave Respondent a check in the amount of \$25,000.00 payable to Merit Inter Group Ltd. The agreement was that Respondent was to invest these funds in real estate. She and her husband entered into a written agreement with Respondent wherein Respondent was to invest these funds in real estate. Respondent was to pay \$4,500.00 in interest and the full amount of the \$25,000.00 investment back to Investor #2 and her husband. Respondent assured her that there was no risk at all involved in the investment. After giving the money to the Respondent, she never received any interest payments, none of the principal has been returned, and that she has not seen Respondent since June 6, 2007. (Testimony of Investor AD)
12. On December 8, 2006 Investor Agnieszka (Agnes) Nowak gave Respondent a check in the amount of \$30,000.00 payable to Merit Inter Group, and she entered into an investment contract with Respondent wherein Respondent was to invest this money in real estate, and pay Investor Nowak 19% interest, payable in monthly interest payments, to begin in January of 2007. Investor Nowak was also to receive back all her principal of \$30,000.00 on or before January 23, 2008. She received seven interest payments between January and July of 2007, and did not receive any payments after July of 2007. On May 21, 2007 she signed an investment agreement with Respondent for an additional amount of \$20,000.00 that she invested with Respondent which he was again to invest in real estate. Respondent told Investor Nowak that there would not be any risk involved in the contemplated investment, and that she was to receive monthly interest payments, and the return of all her principal at the end of their agreement on or before May 28, 2008. She received two payments in June, and July of 2007, and she did not receive anything after that. (Testimony of Investor Agnieszka (Agnes) Nowak)
13. Investor Agnieszka Karwaczka gave Respondent a check in the amount of \$20,000.00 payable to Merit Inter Group Ltd. that was to be invested by Respondent in real estate. She entered into a loan agreement with Respondent wherein Respondent was to repay this money in twelve monthly installments. She did in fact receive twelve payments and was fully paid back as to this loan/investment. In June 2006 she entered into a second agreement with Respondent wherein she would invest \$100,000.00 with Respondent who would use this money to invest in real estate. Respondent was to make twelve monthly installments to begin in July 2006, and end in July 2007. Respondent did make the payments under the second agreement. On April 20, 2007 she entered into a third investment with Respondent wherein she agreed to reinvest and roll-over her investment of \$100,000.00, and Respondent was to pay her 21.6% interest in

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monthly installments, for a total amount of \$121,600.00. In July of 2007 she received her last payment from Respondent, and she has not seen or heard from Respondent since then. Throughout her dealings with Respondent, he assured her that there was absolutely no risk involved in the investments. (Testimony of Investor Agnieszka Karwaczka)

14. The checks received from the above witnesses were deposited into Respondent's bank accounts and the funds were then transferred by wire to Poland. Seven investors invested a total of \$212,500.00. Respondent had paid out \$44,765.00 to various investors, paid \$9,886.00 in expenses, and had transferred \$188,000.00 to Poland. (Testimony of Investigator Robert Grogan)
15. To date the Respondent has failed to make the quarterly or monthly interest payments to the Investors as promised.
16. Respondent failed to disclose to Investors any risks involved in the Investment Contracts that Respondent would not pay the promised principal or interest according to the terms of the signed agreement.
17. Respondent, instead of paying interest as promised in the terms of the Investment Contracts, converted the principal received from the Investors to his own use and benefit.
18. Respondent, at the time of the Investment Contracts, failed and refused to notify the Investors that the principal would be converted to his own benefit rather than used to generate interest for the Investors' benefit.
19. 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.
20. 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 the light of the circumstances under which they were made, not misleading.
21. Section 12.I of the Act provides, *inter alia*, 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.
22. Section 12.D of the Act provides, *inter alia*, that it shall be a violation 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 this Act or any rule or regulation made by the Secretary of State pursuant to the Act or to fail to comply with the terms of any order of the Secretary of State issued pursuant to Section 11 hereof.

WHEREAS, the following proposed Conclusions of Law are correct, they are hereby adopted as Conclusions of Law of the Secretary of State.

1. The Department properly served the Notice of Hearing on Respondent on January 18, 2008.
2. The Secretary of State has jurisdiction over the subject matter hereof pursuant to the Act.
3. Respondent failed to answer or otherwise appear at the hearing in accordance with Section 130.1104, therefore,
 - a. The allegations contained in the amended notice of hearing and complaint are deemed admitted.
 - b. Respondent waived his right to a hearing.
 - c. Respondent is subject to an order of Default.
4. That the activities engaged in by Respondent Eric Rydlewski, individually or d/b/a Merit Inter Group Ltd. constitute the offer and sale of 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").
5. That Section 5 of the Act provides, *inter alia*, that all securities except those exempt under Section 3 or those offered or sold in transactions exempt under Section 4 shall be registered either by coordination or by qualification prior to their offer or sale in the State of Illinois.
6. That Respondent Eric Rydlewski D/B/A Merit Inter Group Ltd. failed to file with the Secretary of State an application for registration of the securities described above as required by the Act and that as a result the security was not registered pursuant to Section 5 of the Act prior to its offer in the State of Illinois.
7. That Section 12.A of the Act provides, *inter alia*, that it shall be a violation for any person to offer or sell any security except in accordance with the provisions of the Act.
8. 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.
9. That by virtue of the foregoing. Respondent Eric Rydlewski and/or Merit Inter Group Ltd. have violated Sections 12. A and 12.D of the Act.

WHEREAS the Secretary of State hereby adopts the following additional Conclusions of Law based upon the allegations of the Notice of Hearing and the uncontroverted evidence and testimony admitted at the Hearing, and the additional Findings of Fact:

10. 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".
11. 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 the light of the circumstances under which they were made, not misleading.
12. Section 12.I of the Act provides, *inter alia*, 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.
13. By virtue of the foregoing, Respondent violated Sections 12.F, 12.G and 12.I of the Act.

WHEREAS, the Hearing Officer recommends that a permanent Order be entered prohibiting Respondent Eric Robert Rydlewski A/K/A Arkadiusz Rydlewski, individually and d/b/a Merit Inter Group Ltd., and his partners, officers and directors, agents and employees, affiliates, successors and assigns from offering or selling securities in or from the State of Illinois; and that a fine be assessed in the amount of \$10,000.00 for each of the aforementioned victims involved in this case, and a \$10,000.00 fine for the Failure to Register Count, for a total fine in the amount of \$50,000.00 against Respondent Eric Rydlewski D/B/A Merit Inter Group Ltd.

NOW THEREFORE IT IS HEREBY ORDERED THAT: Respondent Eric Robert Rydlewski A/K/A Arkadiusz Rydlewski, individually and d/b/a Merit Inter Group Ltd., and his partners, officers and directors, agents and employees, affiliates, successors and assigns are **PROHIBITED** from offering or selling securities in or from the State of Illinois until the further Order of the Secretary of State; and a **FINE** in the amount of \$10,000.00 for each of the aforementioned victims involved in this case, and a \$10,000.00 fine for the Failure to Register Count, for a total fine in the amount of \$50,000.00 is assessed against Respondent Eric Robert Rydlewski A/K/A Arkadiusz Rydlewski D/B/A Merit Inter Group Ltd.

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 4 felony for each offense.

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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 Act (14 Ill. Admin. Code, Ch. 1 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.

ENTERED this 12th day of June 2008

A handwritten signature in black ink that reads "Jesse White" with a stylized flourish at the end.

JESSE WHITE
Secretary of State
State of Illinois

James J. Tierney
Attorney for the Secretary of State
Securities Department
69 West Washington
Suite 1220
Chicago, Illinois 60602
Ph: 312-793-9650