

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

IN THE MATTER OF DETERMINING ) Order No. S-15-1649-15-FO01  
Whether there has been a violation of the )  
Securities Act of Washington by: ) ENTRY OF FINDINGS OF FACT AND  
 ) CONCLUSIONS OF LAW AND  
 ) FINAL ORDER TO CEASE AND DESIST  
Mayer Etkin d/b/a Shangye Capital Partners, ) AND TO CHARGE COSTS  
 )  
 )  
Respondent. )

**INTRODUCTION**

On August 20, 2015, the Securities Administrator of the state of Washington issued order number S-15-1649-15-TO01, a Summary Order to Cease and Desist and Notice of Intent to Charge Costs (“Summary Order”) against Respondent Mayer Etkin d/b/a Shangye Capital Partners.

The Summary Order, a Notice of Opportunity to Defend and Opportunity for Hearing (“Notice of Opportunity for Hearing”), and an Application for Adjudicative Hearing were served on Respondent Mayer Etkin on August 24, 2015. The Notice of Opportunity for Hearing advised Respondent Mayer Etkin that a written application for an administrative hearing on the Summary Order must be received by the Securities within twenty days of the date of receipt of the notice. Respondent Mayer Etkin failed to request an administrative hearing within twenty days of receipt of the Summary Order and Notice of Opportunity for Hearing.

The Securities Administrator therefore will adopt as final the following Findings of Fact and Conclusions of Law as set forth in the Summary Order and enter a final order against Respondent Mayer Etkin to cease and desist from violations of the Securities Act and to charge costs.

1 The Securities Administrator makes the following Findings of Fact and Conclusions of Law:

2 **FINDINGS OF FACT**

3 **Respondent**

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

8 **Prior Actions**

9 *Regulatory Actions*

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

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

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

21 *Bankruptcy and Civil Judgments*

22 5. On November 19, 2001, a judgment was entered against Etkin in King County Superior  
23 Court after he failed to repay a \$100,000 bridge loan. The plaintiff had provided funds to Etkin to facilitate  
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1 the sale of a tax loss carryforward for the plaintiff. Etkin spent the funds but did not sell the tax loss  
2 carryforward. On December 3, 2002, Etkin filed for Chapter 7 bankruptcy in the Western District of  
3 Washington, and he received a discharge of his debts on September 16, 2003. On November 7, 2008, a  
4 \$5,025 judgment was entered against Etkin in King County Superior Court after he failed to repay a loan.

#### 5 *Criminal Conviction*

6 6. On June 6, 2007, Etkin was charged by the King County Prosecuting Attorney's Office with  
7 one count of Identity Theft in the First Degree and one count of Attempted Identify Theft in the Second  
8 Degree. According to charging documents, between 2002 and 2005 Etkin charged more than \$27,000 to  
9 seven credit cards that he opened in his mother's name, and for which he designated himself as an  
10 authorized user. On February 28, 2008, Etkin entered a plea and was convicted of one felony count of  
11 Identity Theft in the First Degree.

#### 12 **Nature of the Conduct**

##### 13 *The Offerings*

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

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

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

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

19 11. In some instances, Etkin represents that the bridge loan investment will be used to acquire an  
20 asset that can then be “monetized.” For example, in or around May 2014, Etkin posted an offer on  
21 DailyFunder.com titled “A simple deal!” In the posting, Etkin represented that “[w]e were just offered an  
22 opportunity to receive a contract for a combination payroll/debit card processing system.” The solicitation  
23 sought to raise \$45,000, and it offered potential investors a 25% return in 90 days. The \$45,000 was to be  
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1 used to finalize the contract, which would be written in such a way that it would be “legally viewed as a  
2 purchase order and thus qualify for purchase order financing so that we can obtain larger dollars.” Etkin  
3 represented that the prospective investor would be repaid from the funds that resulted from financing the  
4 contract.

5 12. In some offers, Etkin claims that the bridge loan investment will provide the prospective  
6 investor with access to additional funds. For instance, in or around June 2015, Etkin posted an offer on  
7 LinkedIn titled “Partner with cash & or credit to tap into 500k” that sought to raise \$50,000 for 90 to 120  
8 days. Etkin offered potential investors a return of 17.60%, as well as the use of \$500,000 for a “project or  
9 acquisition” of the prospective investor’s choosing. The next month, in or around July 2015, Etkin posted  
10 an offer on LinkedIn titled “A \$500,000.00 cash trade off opportunity!” In the posting, Etkin represented  
11 that there was “an unallocated \$500,000 that is coming out of a bridge loan for an acquisition that we are  
12 doing.” Etkin sought to raise \$85,000 to cover pre-closing costs, and he offered prospective investors a  
13 return of \$15,000. Etkin also offered prospective investors the \$500,000 to fund a deal agreed upon by  
14 Etkin and the prospective investor.

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16 *Misrepresentations and Omissions*

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

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

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

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15 *Warnings of Potential Securities Act Violations*

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

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

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

### 8 **Registration Status**

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

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

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

### 14 **CONCLUSIONS OF LAW**

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

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

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

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

3 **FINAL ORDER**

4 Based upon the foregoing and finding it in the public interest:

5 IT IS HEREBY ORDERED that Respondent Mayer Etkin, his agents, and his employees shall cease  
6 and desist from offering and/or selling securities in any manner in violation of RCW 21.20.140, the securities  
7 registration section of the Securities Act of Washington.

8 IT IS FURTHER ORDERED that Respondent Mayer Etkin, his agents, and his employees shall cease  
9 and desist from offering and/or selling securities in any manner in violation of RCW 21.20.040, the securities  
10 salesperson registration section of the Securities Act of Washington.

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

13 IT IS FURTHER ORDERED that Respondent Mayer Etkin shall be liable for and shall pay costs in  
14 the amount of \$1,000.

15 **AUTHORITY AND PROCEDURE**

16 This FINAL ORDER is entered pursuant to the provisions of RCW 21.20.390, and it is subject to the  
17 provisions of RCW 21.20.440 and Chapter 34.05 RCW. Respondent Mayer Etkin has the right to petition  
18 the superior court for judicial review of this agency action under the provisions of Chapter 34.05 RCW. For  
19 the requirements for Judicial Review, see RCW 34.05.510 and sections following.  
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21 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**



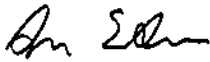
SIGNED and ENTERED this 18th day of September 2015.



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William M. Beatty  
Securities Administrator

Approved by:



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Suzanne Sarason  
Chief of Enforcement

Presented by:



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Holly Mack-Kretzler  
Financial Legal Examiner