STATE OF NEW JERSEY
BUREAU OF SECURITIES
P.O. Box 47029
Newark, New Jersey 07101
(973) 504-3600

IN THE MATTER OF:

SIGMA CAPITAL MANAGEMENT, L.L.C. (CRD# 127244),

SATRAM CHAINANI (CRD# 2623294),

AMENDED ORDER OF PENALTY ASSESSMENT BY CONSENT

Sigma Capital Management, L.L.C.
One Woodbridge Center, Suite 615
Woodbridge Center, New Jersey 07095

Satram Chanaini
9 Startford Circle
Edison, New Jersey 08820

Pursuant to the authority granted to the Chief of the New Jersey Bureau of Securities ("Bureau") by the Uniform Securities Law, as amended, L. 1997, c. 276, N.J.S.A. 49:3-47 et seq., (hereinafter, the "Law"), after careful review and due consideration of the facts set forth below, and consideration having been given to the Order of Penalty Assessment entered against Sigma Capital Management, L.L.C. and Satram Chainani dated March 28, 2005, the Bureau Chief has determined that good cause has been shown to assess civil monetary penalties.

PARTIES

1. At all relevant times herein; Sigma Capital Management, L.L.C. ("Sigma"), Central Registration Depository ("CRD") No. 127244, was an Investment Adviser firm located at One Woodbridge Center, Suite 615, Woodbridge, New Jersey 07095.

2. Sigma was registered with the Bureau as an Investment Adviser firm on July 5, 1995, and is currently registered with the Bureau as an investment adviser.

3. Satram N. Chainani ("Chainani"), CRD No. 2623294, resided at 9 Stratford Circle, Edison, New Jersey.

4. Chainani was the Managing Director of Sigma. His employment responsibilities included portfolio management and securities analysis for Sigma's investment advisory clients. He also managed the day to day operations of the office. He was licensed with NASD Series 2 and Series 65 certifications. Chainani owned 80% of Sigma.

FACTS

5. Each year investment adviser firms must properly renew their registration with the Bureau. The registration requirements include paying a filing fee of $100, disclosing information on the Investment Adviser Registration Depository[1] ("IARD"), and submission of books and records documents. Prior to the Bureau's examination, Sigma paid its filing fee of $100, submitted its required documents, but failed to register the firm and its representatives on the IARD.

6. A notice letter was sent by the Bureau on April 1, 2004 informing Sigma that its registration with the State would be terminated if it did not properly register the firm on the IARD by May 14, 2004. On April 23, 2004, Chainani responded to the Bureau's letter by indicating that it would register the firm and its representatives before the May 14, 2004 deadline. The Bureau finds that Sigma was registered on the IARD System by April 29, 2004, and that Chainani and Kahn had filed for

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[1]The IARD is a joint state/SEC electronic filing system operated by the NASD that facilitates Investment Adviser registration, regulatory review, and public disclosure.

registration by May 10, 2004.

7. On April 21, 2004 and April 22, 2004, the Bureau conducted an unannounced examination of Sigma for failing to register the firm and its representatives on the IARD system.

FAILURE TO UPDATE FORM ADV

8. During the audit of the firm, the investigators discovered that Chainani failed to update its Form ADV filed with the Bureau. A Form ADV dated December 30, 1998 was the last Form ADV filed with the Bureau.

9. In the 1998 Form ADV, Sigma was represented as a Partnership. On May 18, 2001, Sigma changed its organization status to a limited liability company and failed to update its Form ADV Part I filed with the Bureau. The Bureau finds that Sigma filed an updated Form ADV on the IARD System by May 6, 2004.

10. On January 1, 2002, Sida P. Sivan ("Sivan") became a 5% equity partner of Sigma. Although Sivan maintains no responsibility for the management of Sigma, his partnership interest changed the shares of ownership of the firm. Sigma failed to amend Schedule B of the Form ADV filed with the Bureau to include this information.

MISREPRESENTATIONS REGARDING REGISTRATION WITH THE SEC

11. Prior to April 21, 2005, in the "About Us" section of Sigma's website, it stated that, "We registered with the Securities & Exchange ("SEC"), Washington, D.C. in January 1993. We are also registered with the State of New Jersey, and

a few other States in the U.S.A."

12. Additionally, in the investment advisory contract section of Sigma's web site "Compliance with Securities Laws," it states that "Sigma is registered as 'Investment Adviser' with the Securities and Exchange Commission..."

13. Sigma was initially registered with the SEC in 1993.[2] On April 21, 2004, the day the Bureau conducted its examination, Sigma was no longer registered with the SEC. Chainani indicated in the Bureau's examination interview on the same date, that he was aware that Sigma was not registered with the SEC.

14. With the exception of registering in the State of New Jersey, according to the IARD, Sigma had not been registered with any other states as an Investment Adviser at the time of the Bureau's examination of April 21-22, 2004.[3]

EWONDERS.COM

15. During the examination interview of Chainani, the investigators learned Chainani and Sigma were involved in a private sale of eWonders.com, Inc.[4] ("eWonders") stock in 1999 and 2000.

16. Beginning on or about December 15, 1999, eWonders began raising money in a

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[2]In late1996, several amendments to the Investment Advisers Act of 1940 were enacted by Congress. Section 203 of the Act provides an exemption from registration under the Act for any investment adviser that is regulated or required to be regulated in the state in which it maintains its principal office and place of business and has assets under management of less than $25,000,000.

[3]Currently, the IARD reflects that Sigma was registered as an investment adviser with the State of Texas on October 26, 2004.

[4]Ewonders was a company incorporated in the State of Delaware on March 3, 1999. It offered E-shoppers various products from three commerce web sites developed and owned by eWonders.com: pcWonders.com, kidsWonders.com, and eduWonders.com. These search engines offered a database with e-commerce merchants and products.

private placement offering.

17. Pursuant to N.J.S.A. 49:3-50(b)(12), on June 12, 2000, eWonders filed a Rule 505 exemption filing on SEC Form D with the Bureau. On Part B, question 4 of the SEC Form D, Sigma and MFR Securities, Inc. ("MFR") CRD No. 36308 were listed as the persons receiving "commissions or remuneration for solicitation of purchasers in connection with the sale of eWonders."

18. The Form D indicated that 38 accredited investors in the State of New Jersey had purchased stock in eWonders, totaling $1,106,609.

19. Twelve of Sigma's clients purchased eWonders stock. Seven New Jersey clients, including Chainani and Khan purchased the stock in 1999 and 2000.

20. Chainani and Khan personally invested $51,985.25 and $38,860.25, respectively, in eWonders.

21. Sigma received a finder's fee to refer its clients to invest in the offering of eWonders. A contract, dated November 23, 1999, between Sigma and eWonders acknowledges an agreement regarding payment of a commissions to Sigma as consideration for bringing investors to the Company [eWonders]. Specifically, the contract stated that, " eWonders was to pay Sigma a commission in stock equal to 2% of the amount paid by persons who invested in the Company [eWonders]."

22. The November 23, 1999 finder's fee contract indicated that Sigma had generated $475,000 of investments for eWonders, and that, " two percent of this amount was $9,500 which, payable in stock at $4.25 per share, is two thousand two hundred thirty five ($2,235)."

23. In addition to receiving a finder's fee from eWonders, Sigma also received compensation for performing consultation, analysis, and due diligence services for the evaluation of the eWonders investments for its clients: A. Malik Walinay, Dr. Prakash Phulwani, and Trilok, Ltd.

24. Sigma received total compensation of $12,500 for its due diligence work on eWonders for these clients.

25. Sigma provided an Investment Advisory Contract and Disclosure Form to each new client when accounts were opened with Sigma.

26. In the Disclosure Form, Sigma represented that it did not participate in referral arrangements with other third parties. The Disclosure Form specifically stated in clause 12 that, "Sigma has no agreement or any kind of other arrangement with any individual or business organization for client referrals or business solicitation."

27. Additionally, Sigma did not provide investors with any disclosure notices for the finder's fees received from eWonders and the additional due diligence fees charged for evaluating eWonders. The asset management fees were the only fees disclosed on the investment adviser contract and the Form ADV Part II, page 2.

28. The misrepresentations made on Sigma's website regarding SEC and state registration, the misrepresentations about the referral arrangements made on the Investment Advisory Contract, the failure to disclose the finder's fee and due diligence fees for the consultation and analysis of eWonders on the Investment Adviser Contract, Disclosure Form, and Form ADV, and the failure to update Sigma's Form ADV filed with the Bureau were violations of the Uniform

Securities Law N.J.S.A. 49:3-56(a), N.J.S.A. 49:3-59(e) and 49:3-53(f) as detailed below, and therefore are good cause for assessment of a civil monetary penalty pursuant to N.J.S.A. 49:3-70.1.

COUNT I

SIGMA FAILED TO UPDATE ITS FORM ADV WITH MATERIAL INFORMATION

N.J.S.A. 49:3-59(e)

29. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

30. Sigma filed Form ADV with the Bureau on December 30, 1998. The information contained in the Form ADV became outdated and therefore materially inaccurate information. Sigma failed to promptly file a correcting amendment to the Form ADV as required by N.J.S.A. 49:3-59(e). Specifically, Sigma failed to amend Part I, page 2 of the Form ADV to make the form materially accurate. On May 18, 2001, Sigma changed its business entity from a Partnership to a L.L.C. The Form ADV was not amended to reflect this material information.

31. Additionally, Sigma failed to amend Schedule B of the Form ADV filed with the Bureau. On January 1, 2002, Sivan retained ownership of 5% of the firm as a partner. Again, the Form ADV was not amended to include this information.

32. Sigma's failure to amend its Form ADV Part I and the Schedule B are violations of N.J.S.A. 49:3-59(e) and each is a ground for the assessment of a civil monetary penalty pursuant to N.J.S.A. 49:3-70.1.

COUNT II

SIGMA MISREPRESENTED THAT THEY WERE REGISTERED AS AN INVESTMENT ADVISER WITH THE SEC AND OTHER STATES

N.J.S.A. 49:3-53(f)

33. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

34. As defined by N.J.S.A. 49:3-49(g)(1)(i), Sigma is an investment adviser firm that directly for compensation, engaged in the business of advising others, directly as to the value of securities or as to the advisability of investing in, purchasing, selling or holding securities for compensation and as part of a regular business.

35. Sigma became registered with the Bureau as an investment adviser firm on July 5, 1995.

36. Pursuant to N.J.S.A. 49:3-56(i), Sigma was a properly registered Investment Adviser in the State of New Jersey.

37. Sigma made untrue statements of material facts. Specifically, Sigma's website and its investment advisory contract stated that Sigma was registered with the SEC and other states as an investment adviser.

38. On April 21, 2004, when the Bureau conducted its examination of Sigma, the firm was not registered with the SEC nor with any other state, except New Jersey. Sigma stated on its web site it was registered with the SEC as an investment adviser and misrepresented that it was registered in other states as an investment adviser. Sigma's misrepresentations were a violation of N.J.S.A. 49:3-53(f) and grounds for the assessment of a civil monetary penalty pursuant to N.J.S.A. 49:3-70.1.

COUNT III

SIGMA MADE UNTRUE STATEMENTS AND OMISSIONS OF MATERIAL FACTS BY FAILING TO DISCLOSE ITS ARRANGEMENT WITH EWONDERS

N.J.S.A. 49:3-53(f)

39. The preceding paragraphs are incorporated by reference as though set forth verbatim herein.

40. Sigma made untrue statements of material fact when it made statements on the Disclosure Form, clause 12, that it did not have an, " agreement or any kind of other arrangement with any individual or business organization for client referrals or business solicitation." In fact, Sigma signed a contract with eWonders to receive stock as consideration for bringing customers, to eWonders. Sigma was paid commissions in the form of stock equal to 2% of the amount paid by persons who invested in eWonders.

41. Additionally, Sigma omitted to state material facts necessary to make statements made, in light of the circumstances under which they were made, not misleading. On November 23, 1999, Sigma contracted with eWonders to receive payment of commissions as consideration for bringing investors to eWonders. Sigma was to receive 2,235 shares of eWonders payable in stock at $4.25 per share, generating a total investment of $475,000. For referring customers to invest in the eWonders private placement, Sigma failed to disclose the finder's fee it received from eWonders in the Disclosure and Form ADV.

42. Further, Sigma failed to disclose the additional consultation, analysis, and due diligence fees charged to its clients, A. Malik Waliany, Dr. Prakash Phulwani, and Trilok, Ltd. for providing the clients with an evaluation of eWonders. In

addition to the asset management fees charged by Sigma to all of its clients, these clients were charged and paid an additional $5,000, $2,500, and $5,000 fee, respectively, for the evaluation of eWonders.com. The Investment Advisory Contract, Disclosure Form, and Form ADV failed to disclose that in addition to asset management fees, Sigma's clients could also be charged fees for consultation, analysis, and due diligence services of a private plan offering.

43. Sigma's statements of untrue fact on its Disclosure Form, the omission of the finder's fee arrangement and due diligence research fee of eWonders were in violation of N.J.S.A. 49:3-53(f) and were grounds for the assessment of a civil monetary penalty pursuant to N.J.S.A. 49:3-70.1.

Therefore, it is on this 28th Day of November 2005, hereby ORDERED that Sigma Capital, L.L.C. is assessed a civil monetary penalty in the amount of $15,000.00 which shall be paid to the Bureau upon execution of this ORDER.

This ORDER supersedes the ORDER OF PENALTY ASSESSMENT entered in this matter by the Bureau Chief of the Bureau of Securities on March 28, 2005. The March 28, 2005 ORDER OF PENALTY ASSESSMENT shall be and is vacated upon entry of this ORDER.

BY: Franklin L. Widmann

Franklin L. Widmann,
Chief Bureau of Securities

We consent to the form and entry of this Consent Order:

Sigma Capital Management, L.L.C.

By: SATRAM N. CHAINANI

November 18, 2005

(Date)

I consent to the form and entry of this Consent Order:

Satram Chainani

November 18, 2005

(Date)