

BEFORE THE
DIVISION OF SECURITIES
DEPARTMENT OF FINANCIAL INSTITUTIONS
STATE OF WISCONSIN

In the Matter of
PHYLLIS A. HOETH,

STATEMENT OF STAFF
ALLEGATIONS AND
PETITION FOR ORDER

Respondent.

File No. S-98107 (EX)

WHEREAS the staff of the Enforcement Unit of the Division of Securities of the Department of Financial Institutions, State of Wisconsin, has conducted an investigation in the above-captioned matter pursuant to sections 15.02(4) and 551.56, Wis. Stats., and as a result thereof alleges as follows:

1. Phyllis A. Hoeth (hereinafter "Hoeth") is an adult female, whose date of birth is May 23, 1936, whose home address is 2912 Brookshire Place, La Crosse, Wisconsin, whose business address at all times material hereto has been at 1016 South 19th Street, La Crosse, Wisconsin, and who at all times material hereto was and is a travel agent and owner and operator of a travel agency known until its administrative dissolution as Coulee Travel, Inc., and formerly known as Uniglobe-Coulee Travel, Inc. (hereinafter "Coulee");
2. Upon information and belief, during the time period of at least November 1993 through 1997, Hoeth personally, and at times Hoeth on behalf of Coulee, and therefore at such times Coulee, offered and sold to at least twelve persons in Wisconsin written evidences of indebtedness in the aggregate amount of at least \$95,000, in which Hoeth promised to pay a certain amount of interest and to repay the principal by a certain date;
3. The written evidences of indebtedness as described in Paragraph 2 above are securities as that term is defined by sec. 551.02(13)(a), Wis. Stats., and have never been registered under Ch. 551, Wis. Stats., for their offer and sale in Wisconsin;
4. Upon information and belief, Hoeth and Coulee are known by the Staff to have repaid only one of the investors the principal of his or her note and to have repaid only part of the principal owed to three of the investors, and to have made only partial interest payments if any to most of the other investors on the evidences of indebtedness described in Paragraph 2 above, despite the due dates having passed;

5. Upon information and belief, during those offers and sales referenced in Paragraphs 2 through 4 above which took place in 1994 through 1997, to at least eleven investors in Wisconsin, Hoeth failed to inform any of those investors:
 - (a) that Hoeth and Coulee had defaulted on such evidences of indebtedness offered and sold previously during the period 1993 through 1997, and had not repaid the principal nor paid interest following those defaults, except as noted in Paragraph 4 above;
 - (b) the financial condition of Hoeth and her record of repaying loans;
 - (c) the amount of debt of Hoeth to other persons who had loaned money to her;
 - (d) as to such transactions that occurred thereafter, that Coulee had been administratively dissolved as a corporation in Wisconsin on December 21, 1995 and has never been reinstated as a Wisconsin corporation;
 - (e) as to such transactions that occurred thereafter, that the Internal Revenue Service had filed a tax levy on the accounts of Coulee in the time period of March 31, 1996 to September 30, 1997 for \$20,325.59; and
 - (f) as to the transactions that took place after September 24, 1996, the fact that on that date a judgment was entered against Hoeth in a civil suit by the River Bank for her failure to have paid principal and interest then totaling over \$6,500 on a loan to her by that bank;
6. By engaging in the conduct described in Paragraphs 2 through 5 above, Hoeth, in connection with the offers and sales of securities to persons in Wisconsin, omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in violation of sec. 551.41(2), Wis. Stats.;
7. Hoeth has been charged by the District Attorney of LaCrosse County, Wisconsin, with multiple felony counts of violation of sec. 551.41(2), Wis. Stats., in connection with the transactions described hereinabove and has been bound over for trial on those charges; and
8. During the Staff's investigation of this matter, Hoeth told Staff members that she had repaid certain of the investors whose transactions are described hereinabove when in fact she had not repaid them;

THEREFORE, the Staff of the Enforcement Unit petitions the Administrator of the Division of Securities of the Department of Financial Institutions or her designee for the issuance of the attached Order of Prohibition and Revocation pursuant to Ch. 551, Wis. Stats.

Mark E. Dorman

Mark E. Dorman, Examiner
Enforcement Unit

12-23-98
Date

(S) Gregory L. Kipfer

Gregory L. Kipfer, Examiner
Enforcement Unit

12-23-98
Date

Wm. C. Lloyd

William C. Lloyd, Staff Attorney
Enforcement Unit

12-23-98
Date

med