

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

In the Matter of
T.D. and ASSOCIATES, INC., WEST OVALO
GARDNER LIME UNIT-PHASE I, DENNIS
TIMPE, and MICHAEL L. SPRADLEY,

PETITION FOR ORDER

Respondents.

File No. S-98066(EX)

The staff of the Enforcement Unit of the Registration & Enforcement Section of the Division of Securities alleges that:

1. T.D. and Associates, Inc. ("TD") is a foreign business entity with a last known business address of 18281 Lemon Drive, Yorba Linda, CA 92886.
2. West Ovalo Gardner Lime Unit, Phase I ("Ovalo") is a foreign business entity with a last known business address at that of TD.
3. Dennis Timpe ("Timpe") is an individual who at all times material hereto has been President of TD, with a last known business address at that of TD.
4. Michael L. Spradley ("Spradley") is an individual who at all times material hereto has been an agent of TD and Timpe, with a last known business address at that of TD.
5. During the period of April, 1998, Spradley, on behalf of TD, Ovalo, and Timpe, offered to at least one person in Wisconsin investments in what is called an "undivided interest" in an oil lease, a general partnership or a "working interest" in oil and gas production.
6. Upon information and belief, each investor will not be involved in the day-to-day management of the enterprise, since TD is the managing general partner, there are too many investors for them to each have any meaningful input, and they do not have the expertise or experience necessary to perform its duties.
7. Since the investors will be involved in a common enterprise with the expectation of profits to be derived from the essential managerial efforts of others, the investments offered by the respondents are investment contracts as defined by DFI-Sec 1.02(b), Wis. Adm. Code, and are therefore securities as defined by sec. 551.02(13), Wis. Stats.
8. A certificate of interest or participation in an oil, gas or mining title or lease or in payments out of production under such a title or lease is a security, as defined by sec. 551.02(13), Wis. Stats.
9. In connection with the offers of the securities described above, Spradley transacted business in Wisconsin as an "agent" for TD, Ovalo and Timpe, as that term is defined by sec. 551.02(2), Wis. Stats.
10. At no time has Spradley been licensed as a securities agent pursuant to Ch. 551, Wis. Stats.
11. Spradley has violated sec. 551.31(1), Wis. Stats., by transacting business in Wisconsin as a securities agent without a license.

- 12. TD, Ovalo and Timpe have violated sec. 551.31(2), Wis. Stats., by employing an unlicensed agent to represent them in Wisconsin.
- 13. On October 15, 1990, the State of Pennsylvania permanently barred Timpe from securities industry affiliation in Pennsylvania, based on allegations of securities fraud in connection with oil and gas drilling ventures.
- 14. On December 23, 1988, the State of Minnesota issued a Cease and Desist Order against TD and Timpe, based on allegations of securities law violations in connection with delayed delivery gold contracts.
- 15. On April 21, 1988, the State of Montana issued a Cease and Desist Order against TD and Timpe, based on allegations of securities law violations in connection with delayed delivery gold contracts.
- 16. On January 20, 1988, the State of Montana issued a Cease and Desist Order against TD and Timpe, based on allegations of securities fraud in connection with interests in gas wells.
- 17. On December 30, 1987, the State of Maine issued a Cease and Desist Order against TD and Timpe, based on allegations of securities law violations in connection with interests in oil wells.
- 18. In connection with the offer of the securities described in Paragraphs 4 through 8, the Respondents omitted to disclose the issuance of the orders referred to in Paragraphs 13 through 17.
- 19. All Respondents have violated sec. 551.41(2), Wis. Stats., by omitting to state material facts necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, in connection with the offer and sale of securities to persons in Wisconsin.

Therefore, the staff of the Enforcement Unit petitions the Administrator of the Division of Securities for the issuance of the attached Order pursuant to Ch. 551, Wis. Stats.

Mark E. Dorman 11-13-88
 Mark E. Dorman Date
 Examiner
 Enforcement Unit

David A. Cohen 11/13/88
 David A. Cohen Date
 Supervising Attorney
 Enforcement Unit