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

In the Matter of DAVID J. YEAZEL,	STATEMENT OF STAFF ALLEGATIONS AND PETITION FOR ORDER
Respondent.	File No. S-99072(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. David J. Yeazel (hereinafter "Yeazel") is an adult male, whose date of birth is April 19, 1962, and whose residence address at all times material hereto has been 3387 Timber Lane, Verona, Wisconsin 53593;

2. Upon information and belief, during the time period of 1994 to 1998, Yeazel entered into agreements with at least four persons in Wisconsin in which he agreed to invest their money in stocks on their behalf "for the purpose of generating capital gains" for those persons (the "Agreements.");

3. The persons referred to in Paragraph 2 above invested in a common enterprise with the expectation of profit to be derived through the essential managerial efforts of someone other than themselves;

4. The Agreements are investment contracts as defined by DFI-Sec. 1.02(6)(a), Wis. Adm. Code and are therefore securities pursuant to sec. 551.02(13), Wis. Stats.;

5. Pursuant to the Agreements, all monies "shall be utilized solely for investment purposes," such funds to be held in a Merrill Lynch Cash Management Account;

6. From October 3, 1994 to April 11, 1995, Yeazel received money from one person pursuant to an Agreement;

7. Upon information and belief, Yeazel did not use the money of the person referred to in Paragraph 6 above solely for investment purposes; rather, he used the funds for personal purposes for such things as vacations and building a new home;

8. Yeazel failed to inform later investors that he did not invest the money of the person referred to in Paragraphs 6 and 7;

9. Yeazel's actions, in failing to inform investors of the facts in Paragraphs 6 and 7 above, constitute a material misstatement or 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, as prohibited by sec. 551.41(2), Wis. Stats.;

10. Yeazel's actions, as described above constitute effecting transactions in securities for the account of others;

11. At no time material hereto has Yeazel been licensed as a broker-dealer pursuant to Ch. 551, Wis. Stats.;

12. Yeazel's actions, as described above, constitute transacting business as an unlicensed broker-dealer in violation of sec. 551.31, Wis. Stats.;

13. Upon information and belief, Yeazel has accepted money for investment totaling at least $300,000 from at least two other persons in Wisconsin;

14. Upon information and belief, Yeazel used the money of the persons referred to in Paragraph 13 above for personal purposes such as building a new home, rather than investment purposes;

15. Upon information and belief, Yeazel does not have sufficient funds to repay such investors;

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, Examiner
Enforcement Unit

10-27-99
Date

David A. Cohen, Head Attorney
Enforcement Unit

10/27/99
Date

med