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

In the Matter of PHIL D. BAUTZ and BADGER OPPORTUNITIES, INC.	PETITION FOR ORDER AND HEARING
Respondents.	File No. S-99307(LX)

The staffs of the Licensing & Compliance Section and the Enforcement Unit, Registration & Enforcement Section, of the Division of Securities, Department of Financial Institutions, State of Wisconsin have conducted an investigation in this matter pursuant to sec. 551.56, Wis. Stats. and as a result thereof allege as follows:

1. Phil D. Bautz ("Bautz") is a licensed securities agent (CRD #1137366) with a last known business address at 6320 Monona Dr., Suite #409, Madison, WI 53716;

2. Badger Opportunities, Inc. ("Badger") was a Wisconsin corporation with a last known address at that of Bautz;

3. At all times material hereto, Bautz was president and controlling person of Badger;

4. Sometime during 1991, Bautz, on behalf of Badger, approached A.P., a person in Wisconsin, and stated that he, Bautz, could get a higher return investing A.P.'s IRA than A.P. was presently getting;

5. As a result of that discussion, on September 15, 1991, A.P. loaned Badger $5000;

6. This investment was evidenced by a note of the same date, bearing interest at 12% with a due date of September 15, 1993 (the "1991 Note");

7. On November 17, 1991, Badger sent a check for $8000 to Independent Cellular Consultants ("ICC") to enter the lottery for a Multiple Address Service (MAS)932/941MHz Band license;

8. According to statements by Bautz to the staff of the Division, A.P.'s money was sent to ICC to apply for the lottery;

9. During 1992, Bautz, on behalf of Badger, approached A.P. about making an additional investment with Badger;

10. As a result of Bautz's actions, on May 1, 1992, A.P. invested $2800 with Badger and received a note for that amount for 24 months at an interest rate of 10% per year;

11. During 1993, Bautz, on behalf of Badger, approached A.P. about making an additional investment with Badger;

12. As a result of Bautz's actions, on July 5, 1993 A.P. invested $3000 with Badger and received a note for $3000 for 36 months at an interest rate of 10% per year;

13. Upon information and belief, Bautz failed to inform A.P. that Badger had lost money in 1992 and 1993;

14. Bautz's failure to inform A.P. of Badger's continuous losses is the 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 in violation of sec. 551.41, Wis. Stats.;

15. ICC sent Badger a letter dated August 18, 1993, stating that the lottery was probably still available, but that they were not sure, the licenses might have to be auctioned instead;

16. Upon information and belief, if the licenses were auctioned, Badger would lose all the money it sent to ICC, except for a nominal application fee;

17. On September 16, 1993 Bautz, on behalf of Badger, reissued the 1991 Note to A.P. for $9400; the $5000 initial investment and an additional payment of $4400 (the "1993 Note");

18. The 1993 Note was due on September 16, 1995 and paid interest at a rate of 9%;

19. Upon information and belief, Bautz failed to inform A.P. that Badger had lost money in 1992 and 1993;

20. Bautz's failure to inform A.P. of Badger's continuous losses is the 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 in violation of sec. 551.41, Wis. Stats.;

21. On May 1, 1994, Bautz, on behalf of Badger, reissued the 1992 Note for $4800; the initial investment of $2800 plus an additional payment to Badger by the investor of $2000 (the "1994 Note");

22. The 1994 note was due on May 1, 1996 and paid interest at a rate of 8%;

23. Upon information and belief, Bautz failed to inform A.P. that Badger had lost money in 1992, 1993, and 1994;

24. Bautz's failure to inform A.P. of Badger's continuous losses is the 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 in violation of sec. 551.41, Wis. Stats.;

25. Upon information and belief, Bautz failed to inform A.P. that Badger had virtually no income during 1993 and 1994;

26. Bautz's failure to inform A.P. of Badger's lack of income is the 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 in violation of sec. 551.41, Wis. Stats.;

27. On September 16, 1995, Bautz, on behalf of Badger, reissued the note to A.P. for $11,700; $9400 plus the unpaid interest for the past two years (the "1995 Note");

28. The 1995 Note was due on September 16, 1999 and paid interest at a rate or 8%;

29. Upon information and belief, Bautz failed to inform A.P. that Badger lost money in 1992, 1993, 1994, and 1995;

30. Bautz's failure to inform A.P. of Badger's continuous losses is the 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 in violation of sec. 551.41, Wis. Stats.;

31. Upon information and belief, Bautz failed to inform A.P. that Badger had virtually no income during 1993, 1994, and 1995;

32. Bautz's failure to inform A.P. of Badger's lack of income is the 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 in violation of sec. 551.41, Wis. Stats.;

33. On July 5, 1996, Bautz, on behalf of Badger reissued the 1993 Note for the amount of the initial investment plus the unpaid interest (the "1996 Note");

34. Upon information and belief, Bautz failed to inform A.P. that Badger lost money in 1992, 1993, 1994, 1995, and 1996;

35. Bautz's failure to inform A.P. of Badger's continuous losses is the 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 in violation of sec. 551.41, Wis. Stats.;

36. Upon information and belief, Bautz failed to inform A.P. that Badger had virtually no income during 1993, 1994, and 1995;

37. Bautz's failure to inform A.P. of Badger's lack of income is the 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 in violation of sec. 551.41, Wis. Stats.;

38. In 1997, Bautz informed A.P. that A.P. would have to take a distribution from the IRA account, however, Badger had no cash to distribute, instead Badger gave A.P. another note for the amount of the required distribution (the "1997 Note");

39. The 1997 Note was dated May 1, 1997 and was for $4800 due in 48 months, bearing interest at 8%;

40. On March 12, 1999, Bautz received a check for $1450 from ICC; he deposited this check into his personal account and kept the proceeds for personal use;

41. In November 1998, Bautz borrowed $10,000 from a customer of his firm;

42. Pursuant to DFI-Sec. 4.06(2), Wis. Adm. Code, borrowing money from a customer of the agent is defined to be "dishonest or unethical business practice" or "taking unfair advantage of a customer" and provides a basis, under sec. 551.34(1)(g), Wis. Stats., for the suspension or revocation of Bautz's license;

43. On June 9, 2000, the staff sent a letter to Bautz confirming a meeting and asking him to bring the following items:

- Copies of all documents regarding Badger Opportunities, this should include any check written on behalf of the corporation, payments received by the corporation, any investment made by the corporation, etc.

- Copies of all documents relating to any other offerings you have participated in, this would include, offerings you have helped put together, corporations, or entities in which you have an interests, are an officer, director, and have invested customer monies. Include any investments made by these corporations.

- The same as requested in item #2, but not involving customers of your broker-dealer.

- Copies of any and all promissory notes (loans you have made to customers, or loans you have received from customers).

- Records of your personal investments, including what you have invested in the dates and the amounts.

44. Although Bautz's attorney eventually appeared at a meeting, Bautz did not and to date he has not provided any of the requested information or documents;

45. On October 10, 2000, the staff sent a letter to Bautz asking for the following information to be provided by no later than October 24, 2000:

- Details of income and expenses for Badger Opportunities, Inc. ("Badger") from 1991 through its dissolution;
- A list of all investments made by Badger including the name of the investment, the amount and date(s) of the investment, and the result of the investment;
- Names and addresses of all individuals or entities that either invested in or loaned money to Badger;
- Copies of all notes or other instruments issued by Badger as a result of investments made in the company;
- Details of all information about Badger, including its financial status and previous history of repaying debt, provided to the individuals or entities to whom Badger issued notes or from whom Badger borrowed funds;
- List of all bank accounts of Badger;
- Names and addresses of all individuals or entities who were customers of Bautz or his employing broker-dealer from whom he borrowed money or securities; and
- Copies of all notes issued personally by Bautz to his customers or customers of his or his employing broker-dealer.

46. Although Bautz was specifically warned in the October letter that failure to produce the requested documents could result in suspension of his license, to date he has not provided the requested documents;

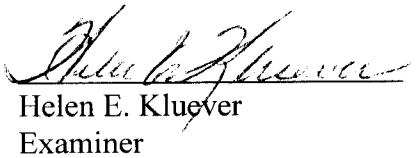
47. On November 1, 2000, the staff called Bautz's present employer and informed him that the staff would ask the Administrator to suspend Bautz's license for failure to produce the requested documents;

48. Later that day (November 1, 2000) Bautz sent a response by facsimile stating that he was aware of the staff's intnention, but did not provide the requested information;

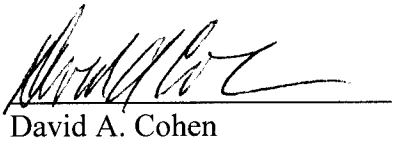
49. Bautz's refusal to furnish information reasonably requested by the division provides a basis, pursuant to sec. 551.34(1)(m), Wis. Stats. for the suspension of his license.

THEREFORE, the staffs of the Bureau of Licensing & Compliance and the Enforcement Section petition the Administrator to issue an order on a summary basis suspending the securities agent license of Phil D. Bautz and to notice a hearing in the matter for the revocation of his license.

DATED this 2nd day of November, 2000.



Helen E. Kluever
Examiner
Bureau of Licensing & Compliance



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