

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

In the Matter of
HOUA A. VANG,
HOUA G. VANG, and
THAI B. VANG,

STATEMENT OF STAFF
ALLEGATIONS AND
PETITION FOR ORDER

Respondents.

File No. S-00257(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. Houa A. Vang is an adult male whose residence address is 1934 Superior Avenue, Sheboygan, Wisconsin 53081.
2. Houa G. Vang is an adult male, whose date of birth is November 3, 1970, and whose residence address is 1410 Jefferson Avenue, Sheboygan, Wisconsin 53081.
3. Thai B. Vang is an adult male whose residence address is 1207 Trimmerger Avenue, Sheboygan, Wisconsin 53081.
4. According to statements made by Houa G. Vang to the staff of the Division of Securities, during the time period of 1999 to 2000, at least 58 persons, most residing in Wisconsin, agreed to invest approximately \$700,000 in an investment club named Vang Capital Management LLP. ("Vang Capital"), a Wisconsin limited liability partnership.
5. According to statements made by Houa G. Vang to the staff of the Division of Securities, Vang Capital had a business address initially at 501 N. 8th Street, Sheboygan, Wisconsin 53081 and later at 707 N. 8th Street, Suite 201, Sheboygan, Wisconsin 53081, which is where the business of Vang Capital was conducted.
6. According to the Partnership Agreement of Vang Capital, signed by the investors, "ARTICLE VI Management of the Partnership:

Section 6.1. Management. The business and affairs of the Partnership shall be managed and controlled by three Managing Partners, namely, Houa A. Vang, Houa "Gordon" Vang, and Thai Vang. Except as otherwise specifically provided in this Agreement, all decisions of the Managing Partners with respect to the management and control of the Partnership, or any decision, determination, consent, or approval to be made or granted by the Partners or the Partnership under any provision of this Agreement or otherwise shall be made or granted by

majority Consent of the Managing Partners.”

- 7. According to statements made by Houa G. Vang to the staff of the Division, all investment decisions were made by the Respondents and, from time to time, a select number of other individuals.
- 8. The persons referred to in Paragraph 4 above invested in a common enterprise with the expectation of profit to be derived through the essential managerial efforts of someone other than themselves.
- 9. The investments in Vang Capital 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.
- 10. The Vang Capital investment contracts were never registered for sale in Wisconsin pursuant to Ch. 551, Wis. Stats.
- 11. The actions of Houa A Vang, Houa G. Vang and Thai B. Vang, as described above, constitute a violation of sec. 551.21, Wis. Stats.
- 12. The actions of Houa A Vang, Houa G. Vang and Thai B. Vang, as described above, constitute effecting transactions in securities for the account of others.
- 13. At no time have Houa A. Vang, Houa G. Vang and/or Thai B. Vang been licensed as a broker-dealer pursuant to Ch. 551, Wis. Stats.
- 14. The actions of Houa A. Vang, Houa G. Vang and Thai B. Vang, as described above, constitute transacting business as an unlicensed broker-dealer in violation of sec. 551.31, Wis. Stats.

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 pursuant to Ch. 551, Wis. Stats.


 Mark E. Dorman, Examiner
 Enforcement Unit

JULY 10, 2001
 Date


 David A. Cohen, Supervising Attorney
 Enforcement Unit
 med

7/16/01
 Date