

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

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In the Matter of  
BLUE STAR ENTERTAINMENT LLC,  
BLUE STAR ENTERTAINMENT UNIT INVESTMENT TRUST,  
HOWARD S. FLAMM, STEVEN CHASE, and KEITH WEINER,

PETITION FOR ORDER

Respondents.

File No. S-02069(EX)

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The staff of the Enforcement Unit, Bureau of Registration & Enforcement, of the Division of Securities, Department of Financial Institutions, State of Wisconsin has conducted an investigation in this matter pursuant to sec. 551.56, Wis. Stats. and as a result thereof alleges as follows:

1. Blue Star Entertainment LLC ("Blue Star") is a foreign business entity with a last known business address of 6289 W. Sunrise Blvd., Ste. 207, Sunrise, FL 33313.
2. Blue Star Entertainment Unit Investment Trust ("UIT") is a foreign business entity with a last known business address at that of Blue Star.
3. Howard S. Flamm (DOB 10/21/66; CRD #2263204) ("Flamm") is an individual who at all times material hereto has been the CEO of Blue Star, with a last known business address at that of Blue Star and a last known residence address of 817 7<sup>th</sup> Ave., Ft. Lauderdale, FL 33315-3817.
4. Steven Chase ("Chase") is an individual who at all times material hereto has been the President of Blue Star, with a last known business address at that of Blue Star.
5. Keith Weiner ("Weiner") is an individual who at all times material hereto has been an agent of Blue Star, Flamm, and Chase, with a last known business address at that of Blue Star.
6. During the period from October 2001 through February 2002, Weiner, on behalf of Blue Star, Flamm, and Chase, offered and sold to at least one person in Wisconsin who had no pre-existing relationship with any of the Respondents units of UIT.
7. The units of UIT are securities as defined by sec. 551.02(13), Wis. Stats., and have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.
8. In a letter to the staff received on May 13, 2002, Flamm states, "We recently completed an appropriate notice filing of the sales of securities with the Division on March 6, 2002.
9. On March 11, 2002, the Division of Securities received a notice filing pursuant to Rule 506 of Regulation D promulgated pursuant to Section 4(2) of the Securities Act of 1933, as amended by adoption of the National Securities Markets Improvement Act of 1996 for an offering named Blue Star Entertainment, L.P ("the filing").
10. The filing lists the issuer as Blue Star, the type of business as "limited partnership, to be formed," and Flamm as general and/or managing partner.
11. To date, the Division has not received any registration, exemption, or notice filing for UIT.

12. Upon information and belief, the Wisconsin offeree was cold-called by a person with whom he had no pre-existing relationship, in violation of section 4(2)'s ban on general solicitation.
13. The Reg D exemption referred to in Paragraph 9 above is not available to UIT.
14. All Respondents have violated sec. 551.21(1), Wis. Stats., by offering unregistered securities in Wisconsin.
15. In connection with the offers of the securities described above, Weiner transacted business in Wisconsin as an "agent" for Blue Star, Flamm, and Chase, as that term is defined by sec. 551.02(2), Wis. Stats.
16. At no time has Weiner been licensed as a securities agent pursuant to Ch. 551, Wis. Stats.
17. Weiner has violated sec. 551.31(1), Wis. Stats., by transacting business in Wisconsin as a securities agent without a license.
18. Blue Star, UIT, Flamm, and Chase have violated sec. 551.31(2), Wis. Stats., by employing an unlicensed agent to represent them in Wisconsin.
19. On October 30, 2001, the State of Pennsylvania issued an Administrative Order against Blue Star and Weiner, based on allegations of securities law violations.
20. In connection with the offers and sales of the securities described in Paragraph 6, the Respondents omitted to disclose the issuance of the Order referred to in Paragraph 19.
21. All Respondents have violated sec. 551.41(2), Wis. Stats., by omitting to state a material fact 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.
22. In the letter referred to in paragraph 8, Flamm states, "There are no Wisconsin investors."
23. The Wisconsin investor referred to in Paragraph 6 provided staff with copies of two "Blue Star Entertainment LLC." ownership certificates, signed by Flamm and Chase, documenting his purchase of 2 units of UIT for \$10,000 each.
24. Blue Star and Flamm have violated sec. 551.54, Wis. Stats., by making or causing to be made a false or misleading filing with the Division of Securities.

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.

  
 Susan A. Kittel Moore      Date  
 Legal Assistant  
 Enforcement Unit

  
 David A. Cohen      Date  
 Supervising Attorney  
 Enforcement Unit