

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

---

In the Matter of  
GERALD J. SANDERFOOT,

PETITION FOR ORDER

Respondent.

File No. S-99133(EX)

---

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

1. Gerald J. Sanderfoot ("Sanderfoot") is an individual with a date of birth of November 17, 1947, with a last known home address of N751 Island Road, Hortonville, Wisconsin 54944, and who is now a prisoner in the federal correctional system;
2. Upon information and belief, on or about May 25, 1995, Sanderfoot borrowed \$100,000 from a person in Wisconsin and promised to repay the principal in 12 months with interest at the annual rate of 17 percent, and issued a promissory note to the person as evidence of the loan and terms of repayment;
3. Upon information and belief, Sanderfoot told the person referred to in Paragraph 2 above, before making the loan, that Sanderfoot would use the money of the person for a video business owned and operated by Sanderfoot;
4. Upon information and belief, on or about September 6, 1995, Sanderfoot borrowed \$100,000 from a person in Wisconsin and promised to repay the principal on or before February 1, 1996, with interest at the annual rate of 12.5% percent per annum, and issued a promissory note to the person as evidence of the loan and terms of repayment;
5. Upon information and belief, Sanderfoot told the person referred to in Paragraph 4 above, before making the loan, that Sanderfoot would use the money of the person for the business of American Toy and Furniture, and Toymasters of Wisconsin, Inc. (collectively known as "Toymasters") a business owned and operated by Sanderfoot, and not to worry about repayment because the person would have a lot of security for the loan;
6. Upon information and belief, on or about March 8, 1996, Sanderfoot borrowed \$100,000 from a person in Wisconsin and promised to repay the principal in an indeterminate period of time, with no determined interest or return on investment, and provided no evidence of the loan;
7. Upon information and belief, Sanderfoot told the person referred to in Paragraph 6 above, before making the loan, that Sanderfoot would use the money of the person for the business of Toymasters, to keep the business going, and not to worry about repayment because the person would have a lot of security for the loan;
8. Upon information and belief, Toymasters had been assessed a federal tax lien for 1994 in the amount of \$10,397.90 recorded on January 9, 1996, document #1176419; and a federal tax lien for 1995 in the amount of \$91,437.90 recorded on January 9, 1996, document #1176420, which have not been satisfied to date;
9. In connection with the offer and sale of the securities described in Paragraphs 4, 5, 6 and 7 above, Sanderfoot omitted to disclose the situation involving Toymasters referred to in Paragraph 8 above;

10. By engaging in the conduct as described in Paragraphs 4, 5, 6, 7, 8 and 9 above, Sanderfoot, in connection with the offer and sale of securities to a person in Wisconsin, omitted to state material facts 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(2), Wis. Stats.; and

11. Upon information and belief, Sanderfoot failed to completely repay the loans referred to in Paragraphs 2, 4, and 6 above, despite repeated requests by the person to Sanderfoot, resulting in a lawsuit brought by the person against Sanderfoot, Case No. 02CV490, Outagamie County circuit court.

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

 12-27-02  
\_\_\_\_\_  
Mark E. Dorman Date  
Examiner

 12/30/02  
\_\_\_\_\_  
David A. Cohen Date  
Supervising Attorney