

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

In the Matter of
MICHAEL E. VERITY,

PETITION FOR ORDER

Respondent.

File No. S-02053(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. The Stonehedge Group, Inc. IX ("Stonehedge") is an inactive New York corporation with a last known business address of c/o Joseph Cuciniello, 3974 Tampa Rd., Ste B., Oldsmar, FL 34677.
2. Joseph Cuciniello (DOB 12/14/49) ("Cuciniello") is an individual who at all times material hereto was President and Treasurer of Stonehedge, with a last known residence address of 4939 Augusta Ave., Oldsmar, FL 34677.
3. Innovative Financial Concepts LLC ("IFC") is a dissolved Nevada limited liability company with a last known business address of 10451 Palmeras Dr., Ste. N202 Sun City, AZ 85373
4. Gene A. Tyrrell (CRD #9961487; DOB 3/5/49) ("Tyrrell") is an individual who at all times material hereto was a principal and controlling person of IFC, with a last known residence address of 5426 W. Pontiac Dr., Glendale, AZ 85308.
5. Michael E. Verity ("Verity") (DOB 7/08/57) is an individual who at all times material hereto was an agent of Stonehedge, Cuciniello, IFC, and Tyrrell, and a licensed Wisconsin insurance agent, with a last known residence address of 50587 Second St., Eleva, WI 54738.
6. Verity was a Wisconsin-licensed securities agent (CRD #1660250) from June 1987 until September 1995.
7. During the period of September 1999, Verity, on behalf of Stonehedge, offered and sold to at least two persons in Wisconsin shares of preferred stock of Stonehedge.
8. The shares of preferred stock of Stonehedge 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.
9. Verity has violated sec. 551.21(1), Wis. Stats., by offering and selling unregistered securities in Wisconsin.
10. In connection with the offers of the securities described above, Verity transacted business in Wisconsin as an "agent" for Stonehedge, Cuciniello, IFC, and Tyrrell, as that term is defined by sec. 551.02(2), Wis. Stats.
11. At no time has Verity been licensed as a securities agent for Stonehedge and Cuciniello, pursuant to Ch. 551, Wis. Stats.
12. Verity has violated sec. 551.31(1), Wis. Stats., by transacting business in Wisconsin as a securities agent without a license.

13. On May 17, 1990, Tyrrell's Arizona insurance agent license was revoked based on allegations of forging a customer's signature on a loan application and changing the client's address to his own.
14. On June 9, 1993, the State of Arizona issued a Cease and Desist Order against Tyrrell and revoked his Arizona securities agent registration, based on his filing a misleading and incomplete registration application that failed to disclose the revocation referred to in Paragraph 13 above.
15. On December 5, 1994, Tyrrell was censured, fined \$25,000 and barred by the National Association of Securities Dealers,
16. On February 27, 1997, the Division of Securities issued a Consent Order of Censure and Prohibition against Verity, based on allegations of obtaining \$4,000 in May 1993 to purchase mutual fund shares for a customer but failing to purchase the shares until March 1995 and having furnished the customer with a false statement regarding the shares in January 1995.
17. On July 7, 1997, Verity was censured, fined \$40,000 and barred by the National Association of Securities Dealers based on the allegations outlined in Paragraph 16 above.
18. In connection with the offer and sale of the securities described in Paragraph 7, Verity omitted to disclose the disciplinary actions referred to in Paragraphs 13 through 17.
19. Verity has 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.
20. On October 26, 1999, the 6th Judicial Circuit Court of Pinellas County, Florida, named Cuciniello (along with others) as a defendant and placed The Stonehedge Group, Inc. and Stonehedge Groups I-VII (along with other entities) in receivership based on allegations by the State of Florida of securities violations, including fraud.
21. On October 18, 2001, the Division of Securities issued a Summary Order of Prohibition and Revocation of Exemptions against Tyrrell, based on allegations of securities law violations
22. On December 10, 2002, Cuciniello and Tyrrell, among others, were indicted by the grand jury of the U.S. District Court, Middle District of Florida, Tampa Division in Case No. 02-CR-111 for conspiracy, fraud, money laundering, and wire and mail fraud in connection with their securities-related activities involving Stonehedge, Innovative, and other entities.
23. On February 19, 2003, Verity was charged with one count of theft by false representation over \$10,000 in currently open Trempealeau County Case No. 03-CF-17.
24. On April 4, 2003, the Wisconsin Office of the Commissioner of Insurance ("OCI") summarily suspended Verity's insurance agent license, based on allegations of converting policy surrender proceeds for personal use, converting premiums for own use, failing to submit applications to insurer, issuing false certificates of insurance and failing to respond to OCI's inquiry.

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.


 Susan A. Kittel Moore Date
 Legal Assistant
 Enforcement Unit


 David A. Cohen Date
 Supervising Attorney
 Enforcement Unit