

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

In the Matter of
DAVID C. RIETZ

PETITION FOR ORDER

Respondent.

File No. S-06189(EX)

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

1. David C. Rietz ("Rietz") is a male individual with a date of birth of August 21, 1960, with a last known business address at that of 587 State Highway 32, Three Lakes, Wisconsin 54562;
2. During the period of 2003 and 2004, Rietz, offered and sold securities and/or investment-related services to at least five persons in Wisconsin;
3. According to information and documents obtained by staff of the Division, Rietz obtained, managed and/or invested money from the five persons, referred to in Paragraph 2 above, who are identified as follows:
 - a. Investor #I \$2,000 on April 22, 2004;
 - b. Investor #II \$5,000 on March 3, 2004;
 - c. Investor #III \$16,000 on August 14, 2003;
Investor #III \$20,712.18 from February 18, 2003 to December 28, 2004
 - d. Investor #IV \$7,000 on
 - e. Investor #V \$43,836 on March 31, 2004
4. According to one of the persons in Wisconsin, referred to in Paragraph 3 above as Investor #III, during the period of 2003 and 2004, Rietz borrowed approximately \$20,712.18 and promised to repay the money, with a return on investment, from earnings made from the sale of the stock of Google, which Rietz told Investor #III that an uncle of Rietz owned, and would be selling to Rietz for an amount much lower than what Rietz would eventually sell the stock when the stock became publicly traded stock;
5. According to the person referred to in Paragraph 3 above as Investor #III, Rietz later admitted to Investor #III that there was no such stock of Google available to Rietz;
6. Rietz has violated sec. 551.41(2), Wis. Stats., by making an untrue statement of a material fact in connection with the offer and sale of securities to persons in Wisconsin;
7. According to one of the persons in Wisconsin, referred to in Paragraph 3 above as Investor #III, on August 14, 2003, Rietz obtained, invested and managed \$16,000 of Investor #III in an account of Rietz at a broker-dealer in Wisconsin;
8. According to records obtained from the broker-dealer, Rietz withdrew money from the account, that consisted entirely of that of Investor III, in the amount of \$11,168.91 in the form of checks made payable to Rietz;

9. According to statements made by Investor #III to staff of the Division, Investor #III neither knew of nor gave permission to Rietz to withdraw the money of Investor #III from the account and/or to use the money for any purpose but for investing in the account as Rietz had told Investor #III that Rietz would do before Investor #III invested with Rietz;
10. Rietz has violated sec. 551.41(3), Wis. Stats., by engaging in an act, practice or course of business which operated as a fraud or deceit upon Investor #III;
11. According to one of the persons in Wisconsin, referred to in Paragraph 3 above as Investor #V, Rietz invested and managed the assets of Investor #V in the account of Investor #V, at a broker-dealer in Wisconsin;
12. According to the person referred to in Paragraph 3 above as Investor #V, Rietz lost all of the money in the account of Investor #III;
13. According to statements of Rietz to staff of the Division, Rietz invested and managed the assets of three of the persons in Wisconsin, referred to in Paragraph 3 above as Investors #I, II and V, in an account at the broker-dealer in Wisconsin, and that he had obtained money from no other persons to invest;
14. According to one of the persons in Wisconsin, referred to in Paragraph 3 above as Investor #IV, Rietz invested and managed the assets of Investor #IV;
15. According to the person referred to in Paragraph 3 above as Investor #IV, Rietz lost all of the money of Investor #IV;
16. According to one of the persons in Wisconsin, referred to in Paragraph 3 above as Investor #III, Rietz invested and managed the assets of Investor #II;
17. There is no documentation of Rietz having invested and managed the assets of the other three persons in Wisconsin, referred to in Paragraph 2 above as Investors #I, II and IV, at the broker-dealer in Wisconsin;
18. Rietz has violated sec. 551.41(3), Wis. Stats, by engaging in an act, practice or course of business which operated as a fraud or deceit upon Investors #I, II and IV;
19. According to statements of Rietz to staff of the Division, Rietz had borrowed money from two of the five persons, referred to in Paragraph 3 above as Investors #II and III;
20. According to statements of Investors # III, IV, and V to staff of the Division, Rietz received payment for his services in managing and investing in the accounts of three of the persons, referred to in Paragraph 3 above as Investors #III, IV and V, in the form of the interest of the persons in a real estate lot in Wisconsin;
21. The actions of Rietz, as described in Paragraph 2, 3, 7, 11, 13, 14, 16 and 20 above, constitute transacting business as an investment adviser;
22. At no time has Rietz been licensed as an investment adviser pursuant to Ch. 551, Wis. Stats;
23. The actions of Rietz, as described above, constitute transacting business as an unlicensed investment adviser in violation of sec. 551.53(3), Wis. Stats.; and
24. Staff of the Division have requested of Rietz, and his legal counsel, information and documents concerning the investment-related transactions of Rietz with persons in Wisconsin, but have not received the information and documents requested, despite the due date for a response having passed.

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.

 2-28-07

Mark E. Dorman Date
Examiner

 2/28/07

David A. Cohen Date
Supervising Attorney