

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

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In the Matter of  
VMT SCIENTIFIC, INC.,  
DANIEL KAISER, and  
STEPHEN H. ROEBUCK,

PETITION FOR ORDER

File No. S08070 (EX)

Respondents.

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

1. VMT Scientific, Inc. (hereinafter "VMT") is a Nevada corporation with last known business addresses of 701 N. Green Valley Parkway, Henderson, Nevada 89074-6177.
2. Daniel Kaiser (hereinafter "Kaiser") is an individual who at all times material hereto was an owner, officer and/or controlling person of VMT, whose last known business address was at VMT, and with a last known home address of 2272 Chestnut Bluffs Avenue, Henderson, Nevada 89052.
3. Stephen H. Roebuck (CRD # 215655) (hereinafter "Roebuck") is an individual who, at all times material hereto, was an owner, officer and/or controlling person of VMT, with a last known business address at CNP Securities, Inc., 3705 Fledgling Drive, North Las Vegas, Nevada 89084, and with a last known home address of 3213 Bonassola Avenue, North Las Vegas, Nevada 89031.
4. During December 2005, at least one person in Wisconsin purchased approximately 18,000 shares of the common stock of VMT after receiving an offer by e-mail solicitation in Wisconsin directing her to the VMT website, which contained press releases and other information touting the stock, effectively a "pump and dump" scheme.
5. On July 9, 2008, the U.S. Securities and Exchange Commission (hereinafter "the SEC") filed a complaint against Kaiser and Roebuck in the United States District Court, District of Nevada, case no. 2:08-CV-888-JCM-LRL (hereinafter "SEC complaint") relating to the offer and sale of the stock of VMT.
6. According to the SEC complaint, in 2005 Kaiser and Roebuck orchestrated a fraudulent scheme to merge VMT, a defunct shell corporation, with Kaiser's privately held company whose only asset was licensing rights to a patent that had never been successfully marketed. Respondents then issued over 60 million shares to Roebuck, proceeding to tout the company by creating a website, issuing fake press releases, and otherwise promoted the company using unsupported claims. This fraudulent activity caused the trading volume and price of the VMT shares to rise, at which point the Respondents sold over nine million of their shares to unsuspecting public investors, generating a total profit of over \$990,000 for the Respondents.

7. According to the SEC complaint, the Defendants claimed on the VMT website that their underlying patented technology had “medical efficacy for the stimulation and enhancement of Circulatory and Neurological Symptoms” and its “revolutionary technology” required filing of several additional patent applications resulting from data to be collected during FDA-approved clinical trials.

8. The SEC complaint alleged “As the Defendants knew, or were reckless in not knowing, VMT’s website was false and misleading because it failed to disclose that :

- (a) VMT was a shell company under court-supervised custodianship;
- (b) the court had not approved VMT’s merger with Vacuum Medical or any of its stock changes or issuances;
- (c) VMT had no operations or revenue;
- (d) VMT’s only source of ‘funding’ was the proceeds derived from Roebuck’s sale of VMT stock as part of Defendants’ fraudulent ‘pump and dump’ scheme;
- (e) there was no credible medical or scientific support for the claimed benefits of the VasCir tm System;
- (f) there was no credible basis for the claim that the VasCir tm System is rapidly gaining medical acceptance in various medical applications based on its demonstrated medical efficacy; and
- (g) Kaiser’s previous attempt to exploit the ‘revolutionary technology’ behind his ‘tissue-enlargement’ patent had been permanently enjoined by the State of Iowa as a fraud upon consumers. ...”

9. In connection with the offer of the securities to the Wisconsin investor, the Respondents omitted to disclose any of the items referred to in ¶ 8 above, any of which would be material to a reasonable investor.

10. As described above, the Respondents have violated § 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.

11. As described above, the Respondents have violated § 551.41(3), Wis. Stats., by engaging in an act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

12. As described above, the Respondents have violated § 551.42 (2), Wis. Stats., by effecting, alone or with one or more other persons, a series of transactions in any security or raising or depressing the price of the security, for the purpose of inducing the purchase or sale of the security by others.

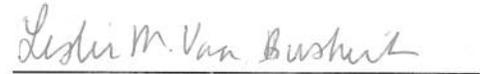
13. As described above, the Respondents have violated § 551.42(3), Wis. Stats., by carrying out a “pump and dump” scheme, inducing the purchase or sale of any security by the circulation or dissemination of information to the effect that the price of the security will or is likely to rise or fall because of the market operations of any one or more persons for the purpose of raising or depressing the price of the security, if he or she is selling or offering to purchase the security or is receiving a consideration, directly or indirectly, from such person.

14. Staff of the Division wrote to VMT in April 2008 requesting information and documents concerning their securities-related activities in Wisconsin with a due date for a response, but despite the due date having passed, the Division has received no response to date.

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

Dated this 16<sup>th</sup> day of April, 2010.

  
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Mark E. Dorman  
Examiner

  
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Leslie M. Van Buskirk  
Attorney Supervisor