

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

In the matter of,

ANDREW SCHNIEDER, and
UNITY FINANCIAL, LLC,

CONSENT ORDER FOR
REVOCATION AND PERMANENT
BAR OF INVESTMENT ADVISER
AND INVESTMENT ADVISER
REPRESENTATIVE REGISTRATIONS

Respondents.

DFI Case No. S-236130 (EX)

I.

The Administrator of the State of Wisconsin, Department of Financial Institutions, Division of Securities ("Division"), having legal authority and jurisdiction to administer and enforce the Wisconsin Uniform Securities Law, Wis. Stats. Ch. 551 ("Ch. 551") and rules and orders promulgated thereunder, and having determined that this action is necessary and appropriate in the public interest and for the protection of investors, hereby enters this Order as follows:

II.

Division staff have presented evidence sufficient for the Administrator to make the following findings of fact and conclusions of law:

A. Findings of Fact

Respondents

1. Unity Financial, LLC (CRD#150255) is a Wisconsin limited liability company organized on or about July 3, 2007 with a last known business address of 7607 Blake Road, Greenleaf, Wisconsin 54126. At all times material, Unity Financial was registered as an investment adviser with the Division.
2. Andrew Schneider (CRD#4850288) is an adult male resident of Greenleaf, Wisconsin with a last known business address of 7607 Blake Road, Greenleaf, Wisconsin 54126. At all times material, Schneider was registered with the Division as an investment adviser representative of Unity Financial, and acted as the managing member and chief compliance officer of Unity Financial.

Conduct

3. Client A is an adult male resident of Wisconsin who is approximately sixty-six years of age. On or about July 13, 2009, the Respondents executed an investment advisory agreement with Client A. Pursuant to the agreement, Respondents would manage the investment of the assets held in Client A's account in accordance with Client A's investment objectives in exchange for an annual investment advisory fee of 2.7 percent (2.7%) of assets under management.
4. Around the same time that Client A executed the investment advisory agreement with Respondents, he provided Respondents with information about his net worth and annual income. Client A's annual income was approximately \$70,000 and his total net worth was approximately \$350,000.
5. On or about August 25, 2014, Client A updated his financial information with the Respondents, noting that his illiquid net worth was now between \$100,000 and \$199,999, that his liquid net worth was between \$50,000 and \$99,999, and that his annual income was between \$50,000 and \$99,999. Client A also indicated in writing that he would need to be able to draw on his investments for income in the next three to five years.
6. Based on the recommendations of the Respondents, Client A invested approximately \$249,500 in Schneider's start-up ventures, Brushwood and Alter Bee, as detailed below in ¶¶ 7-12. Client A's investments in Brushwood and Alter Bee represent a substantial portion of his net worth.

Brushwood Limited Partnership I

7. Brushwood Limited Partnership I ("Brushwood") is a domestic limited partnership organized in Wisconsin on or about August 12, 2011. Brushwood was organized by Schneider for the purpose of purchasing of a former veal farm located in Greenleaf. Schneider told the limited partner investors in Brushwood that he would convert the veal farm for fish farming, and live in the residence also located on the property. Brushwood purchased the property, located at 7607 Blake Road, Greenleaf, Wisconsin 54126 on or about September 11, 2011.
8. Around mid-2011, Schneider recommended that Client A invest in Brushwood. Between August 11, 2011 and March 31, 2013, Client A invested approximately \$55,000 in Brushwood.
9. On or about June 22, 2015, Schneider obtained a loan of approximately \$13,500 from Client A. The purpose of the loan was to make interest payments to other limited partners of Brushwood. Under the terms of the handwritten note memorializing the loan, Schneider was to repay Client A by June 21, 2020 with an annual interest rate of five percent (5%).

10. The limited partners of Brushwood did not receive any of the interest payments due to them in 2016 or 2017.

Alter Bee Corporation

11. Alter Bee Corporation ("Alter Bee") is a domestic corporation incorporated in Wisconsin on or about June 11, 2014. Alter Bee's principal office is located at 7607 Blake Road, Greenleaf, Wisconsin 54126. At all times material, Schneider was the founder, registered agent, and president of Alter Bee.

12. Around mid-2014, Schneider recommended that Client A invest in Schneider's new company, Alter Bee. Between about August 8, 2014 and October 1, 2017, Client A invested approximately \$181,000 in exchange for shares of Alter Bee common stock representing approximately 12 percent (12%) ownership in the company. This includes funds resulting from Client A liquidating the securities held in the advisory accounts managed by Respondents in or about August 2017 after Respondents informed Client A that the investment advisory business of Unity Financial would shut down so that Schneider could focus more attention on Alter Bee.

B. Conclusions of Law

Legal Authority and Jurisdiction

The Administrator has legal authority and jurisdiction over the conduct described above, pursuant to Wis. Stats. Ch. 551 and the rules and orders promulgated thereunder.

13. Pursuant to Wis. Stat. § 551.604(1), if the administrator determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of Ch. 551 or a rule adopted or order issued under Ch. 551, the administrator may issue an order directing the person to cease and desist from engaging in the act, practice, or course of business or to take other action necessary or appropriate to comply with Ch. 551.
14. Unity Financial transacted business as an investment adviser, as defined pursuant to Wis. Stat. § 551.102(15) and § DFI Sec. 1.02(5), Wis. Admin. Code.
15. Schneider transacted business as an investment adviser representative, as defined pursuant to Wis. Stat. § 551.102(16) and § DFI Sec. 1.02(5), Wis. Admin. Code.
16. Pursuant to Wis. Stat. §§ 551.412(2) and (4)(m), the administrator make revoke, suspend, censure, condition, or limit the registration of a registrant if the registrant has engaged in

dishonest or unethical practices in the securities, commodities, investment, franchise, banking, finance, or insurance business within the previous 10 years.

17. Pursuant to Wis. Stat. §§ 551.412(3) and (4)(m), the administrator may impose a bar on a registrant if the registrant has engaged in dishonest or unethical practices in the securities, commodities, investment, franchise, banking, finance, or insurance business within the previous 10 years.
18. Pursuant to § DFI Sec. 5.06(4), Wis. Admin. Code, it is an “dishonest or unethical business practice” or “taking unfair advantage of the client” by an investment adviser or an investment adviser representative where the investment adviser or investment adviser representative recommends to a client the purchase, sale or exchange of any security without reasonable grounds to believe that the recommendation is suitable for the client on the basis of information furnished by the client after reasonable inquiry concerning the client's investment objectives, financial situation and needs, and any other information known by the investment adviser.
19. Pursuant to § DFI Sec. 5.06(6), Wis. Admin. Code, it is a “dishonest or unethical business practice” or “taking unfair advantage of the client” by an investment adviser or an investment adviser representative where the investment adviser or investment adviser representative borrows money or securities from a client.

Violations

20. As described in the paragraphs above, the Respondents violated Wis. Stat. § 551.412(4)(m) and § DFI Sec. 5.06(4), Wis. Admin. Code when they engaged in dishonest and unethical practices by recommending that Client A invest in Alter Bee without reasonable grounds to believe that the recommendation was suitable for Client A on the basis of information furnished by Client A after reasonable inquiry concerning Client A's investment objectives, financial situation and needs, and any other information known to the Respondents.
21. As described in the paragraphs above, Schneider violated Wis. Stat. § 551.412(4)(m) and § DFI Sec. 5.06(6), Wis. Admin. Code when he engaged in dishonest and ethical practices by borrowing money from Client A.

III.

In view of the above findings of fact and conclusions of law, the Administrator deems it necessary and appropriate in the public interest and for the protection of investors, and pursuant to its legal authority and jurisdiction under Ch. 551, to wit Wis. Stat. § 551.412, to issue the following orders and notices:

A. Consent Orders issued pursuant to Wis. Stat. §§ 551.412 and 551.604

- (a) IT IS ORDERED that the RESPONDENTS, their agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of any RESPONDENT, shall cease and desist from making or causing to be made to any person or entity in Wisconsin any further offers or sales of securities unless and until such securities qualify as covered securities or are registered under Ch. 551 or successor statute.
- (b) IT IS FURTHER ORDERED that all exemptions from registration set forth in Ch. 551 or successor statute that might otherwise apply to the offer or sale of any security of or by the RESPONDENTS, their agents, servants, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of the RESPONDENT, are hereby revoked.
- (c) IT IS FURTHER ORDERED that the RESPONDENTS, their successors, affiliates, controlling persons, officers, agents, servants, employees, and every entity and person directly or indirectly controlled or hereafter organized by or on behalf of the RESPONDENTS, are prohibited from violating Ch. 551 or successor statute that may otherwise apply to any offer or sale of a security of or by RESPONDENTS.
- (d) IT IS FURTHER ORDERED that UNITY FINANCIAL, LLC's investment adviser registration is hereby revoked pursuant to Wis. Stat. § 551.412(2).
- (e) IT IS FURTHER ORDERED that ANDREW SCHNEIDER's investment adviser representative registration is hereby revoked pursuant to Wis. Stat. § 551.412(2).
- (f) IT IS FURTHER ORDERED that UNITY FINANCIAL, LLC is permanently barred from future registration under Ch. 551 in any capacity, pursuant to Wis. Stat. § 551.412(3).
- (g) IT IS FURTHER ORDERED that ANDREW SCHNEIDER is permanently barred from future registration under Ch. 551 in any capacity, pursuant to Wis. Stat. § 551.412(3).

B. Service of Order

- (h) IT IS FURTHER ORDERED that this order shall be sent promptly by certified mail to each party named in the order at his or her last known address or to the party's attorney of record, or shall be personally served upon the party or the party's attorney of record, pursuant to Wis. Admin. Code § DFI-Sec. 8.06.
- (i) PLEASE TAKE NOTICE that the date of the service of this order is the date it is placed in the mail. You are advised that any willful violation of an Order issued by the Division

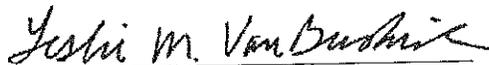
under Ch. 551 is a criminal offense punishable under the provisions of Wis. Stat. § 551.508.

C. Notifications

- (j) IT IS NOTICED that this Order consented to by the RESPONDENTS prohibits the RESPONDENTS from transacting securities business in the State of Wisconsin per the terms of the consent orders issued pursuant to Wis. Stat. 551.604(3), is effective upon the date issued, and shall have the same effect on Respondent as a permanent injunction entered by a circuit court pursuant to Wis. Stat. § 551.603(2)(a).
- (k) IT IS FURTHER NOTICED that this Order is effective on the date it is issued. RESPONDENTS are advised that any willful violation of an Order issued by the Division under Ch. 551 is a criminal offense punishable under the provisions of Wis. Stat. § 551.508.

EXECUTED at Madison, Wisconsin, this 7th day of December, 2017.

(SEAL)



Leslie Van Buskirk
Administrator

Division of Securities
State of Wisconsin
Department of Financial Institutions
201 West Washington Avenue, Suite 300
Madison, Wisconsin 53703

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

In the matter of,

ANDREW SCHNEIDER and
UNITY FINANCIAL, LLC,

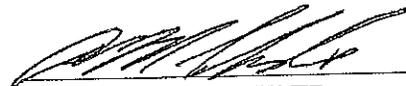
WAIVER AND CONSENT TO
ORDER REVOKING AND
PERMANENTLY BARRING
IA AND IAR REGISTRATIONS

Respondents.

DFI Case No. S-236139 (EX)

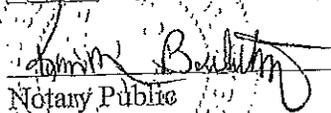
The undersigned Respondent, UNITY FINANCIAL, LLC having decided not to contest the issuance of the attached Order, hereby waives its right to a hearing with respect to this matter, including waiving findings of fact and conclusions of law as may otherwise be required for the Order, and hereby consents to the issuance of the Order.

The undersigned Respondent understands that the Order, when signed by the Administrator of the Division of Securities, is effective as of the date issued and that a willful violation of an Order signed by the Administrator is a criminal offense pursuant to Wis. Stat. § 551.508.



ANDREW SCHNEIDER
Managing Member
Unity Financial, LLC

State of WI)
County of Calumet)
Subscribed, before me this
4th day of December, 2017.


Notary Public

My commission is permanent/expires 02/21/20.

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

In the matter of,

ANDREW SCHNEIDER and
UNITY FINANCIAL, LLC,

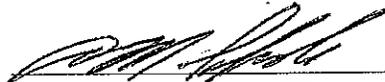
WAIVER AND CONSENT TO
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Respondents.

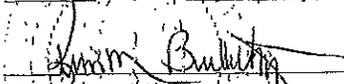
DFI Case No. S-236139 (EX)

The undersigned Respondent, ANDREW SCHNEIDER, having decided not to contest the issuance of the attached Order, hereby waives his right to a hearing with respect to this matter, including waiving findings of fact and conclusions of law as may otherwise be required for the Order, and hereby consents to the issuance of the Order.

The undersigned Respondent understands that the Order, when signed by the Administrator of the Division of Securities, is effective as of the date issued and that a willful violation of an Order signed by the Administrator is a criminal offense pursuant to Wis. Stat. § 551.508.


ANDREW SCHNEIDER

State of WI)
County of Calumet)
Subscribed before me this
4th day of December, 2017.


Notary Public
My commission is permanent/expires 02/21/20.



State of Wisconsin
Department of Financial Institutions

Scott Walker, Governor

Jay Risch, Secretary

AFFIDAVIT OF SERVICE

STATE OF WISCONSIN)
) ss.
COUNTY OF DANE)

I, KATHERINE CLEMENTI, first being duly sworn, depose and state:

1. I am employed as a state civil service employee with the State of Wisconsin, Department of Financial Institutions, Division of Securities.

2. On the date of this Affidavit and in the course of regularly conducted activity, I have caused to be deposited in the U.S. mail: (1) the Administrator's order (attached); and (2) a copy of this Affidavit of Service, to be served by certified mail upon the subject of the order at the subject's last known address; and I have also caused to be served copies of those same documents upon the Administrator for the Division of Securities, pursuant to Wis. Stat. §§ 227.48, 551.611, and 891.46; and Wis. Admin. Code. §§ DFI-Sec 8.06 and 8.07.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

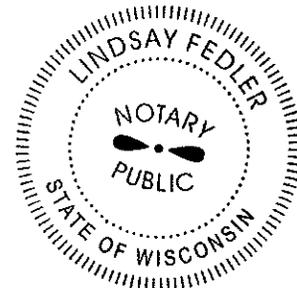
[Handwritten signature of Katherine Clementi]
KATHERINE CLEMENTI

State of Wisconsin
Department of Financial Institutions
Division of Securities

Subscribed and sworn to before me

This 11 day of December, 2017.

[Handwritten signature of Lindsay Fedler] (Notary Seal)



Notary Public, State of Wisconsin

My commission is permanent.