

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

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In the matter of,

CONSENT ORDER TO CEASE AND  
DESIST AND FOR CIVIL PENALTIES

MICHAEL J. HEISMAN and  
CAPRI HOSPITALITY, INC. dba  
FLYCAPRI and CAPRI

Respondents.

DFI Case No. S-238579 (EX)

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**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. Michael J. Heisman is an adult male resident of Menasha, Wisconsin. Heisman is the founder and CEO of Capri Hospitality, Inc. dba FlyCapri and Capri.
2. Capri Hospitality, Inc. dba FlyCapri and Capri (Capri) is a company organized under the laws of the State of Wisconsin effective August 1, 2017, with a business address of 3825 E. Calumet Street, Suite 400, #290, Appleton, Wisconsin 54915.

**Conduct**

3. According to its marketing materials, found at [www.flycapri.com](http://www.flycapri.com), Capri was founded with the intention of offering nonstop flights from Green Bay and Madison to Fort Myers, Florida. Capri would lease airplanes from existing air carriers as a Public Charter Operator under the US DOT Part 380 statute. Under the statute, Capri can only sell tickets after it files the charter prospectus and related documents to become a Public Charter Operator and receives DOT's notification of approval.

Capri's plan is to file its documents with the US DOT in August of 2019 and begin flying between Wisconsin and Fort Myers in November 2019.

4. As a dividend in exchange for shares of stock, investors would receive 8 one-way tickets per year for each 1,800 shares owned, and priority check-in and boarding. In addition to flight dividends, preferred share owners were offered quarterly cash dividends (\$618.84 per 1,800 shares) beginning in the first quarter of 2020.
5. Capri solicited investors through private placement offerings exempt from registration under Rule 506(c) by filing with the Securities and Exchange Commission a Form D Filing dated 8/7/17 listing a minimum investment of \$9,900 (1,800 common shares at \$5,50 per share).
6. Pursuant to Rule 506(c), Capri is allowed to advertise to potential investors but the sale of Capri's shares can be made only to accredited investors.
7. Capri's offerings for common and preferred stock were set forth in Offering Memoranda made available to investors:
  - a) Common stock: Small Corporation Offering Memorandum dated August 7, 2017, updated on February 12, 2018 and March 1, 2018.
  - b) Preferred stock: Small Corporation Offering Memorandum dated March 17, 2018.
8. The Offering Memoranda for the common and preferred stock offerings were available on Capri's website. The Offering Memoranda contained similar projections and disclosures regarding the operations and risks of investing in Capri. Henceforth, the Offering Memoranda for the common and preferred stock shall be collectively referred to as the "Offering Memoranda."
9. As of April 2018, Capri had raised \$183,403.00 from 12 investors.
10. On or about March 2, 2018, staff of the Division initiated an investigation into the offer and sale of Capri securities in the State of Wisconsin.
11. During the course of the investigation, Heisman rescinded the shares sold and returned all funds to the investors.
12. The Offering Memoranda disclose Heisman's previous public charter operation of MetJet, Inc. and his role as Manager/CEO from 12/2011 to 2/2014. However, the Offering Memoranda do not disclose that MetJet, Inc. failed after two years of operation and the investors lost approximately \$1.5 million.
13. The Offering Memoranda state that all funds received in exchange for shares will be deposited into an escrow account. The Prospectus further states a minimum

number of shares must be sold before the proceeds will be released from escrow and utilized by the company. "After the minimum number of Shares are sold, all subsequent proceeds from the sale of Shares will be delivered directly to the Company and be available for its use."<sup>1</sup>

14. The proceeds from the sale of shares to investors were commingled.
15. On March 29, 2018, Heisman wired \$7,100 from the Capri escrow account to an attorney/solicitor in London, England for a business purpose although sales of Capri stock was short of the minimum shares set forth in the Offering Memoranda.
16. On April 5, 2018, Heisman wired \$7,100 from the Capri escrow account to an attorney/solicitor in London, England for a business purpose although sales of Capri stock was short of the minimum shares set forth in the Offering Memoranda.<sup>2</sup>
17. Heisman returned \$14,400 to the Capri escrow account using personal funds.
18. During the Division's investigation of Capri and Heisman, Heisman made false statements to the Division regarding his use of the escrow funds.

## **B. Conclusions of Law**

### **Legal Authority and Jurisdiction**

19. 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.
20. Capri was an "issuer" as defined under Wis. Stat. § 555.102(17).
21. Pursuant to Wis. Stat. § 551.501(2), it is unlawful for a person, in connection with the offer, sale or purchase of a security, directly or indirectly, to make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

### **Violations**

22. Through the conduct described above in paragraphs 12-18, Capri and Heisman mismanaged the escrow account and made untrue statements in the Offering Memoranda and to the Division in violation of Wis. Stat. § 551.501(2).

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<sup>1</sup> With respect to the common stock offering, the Prospectus states "At least 360,000 Shares must be sold for \$1,980,000 before such proceeds will be released from the escrow account and utilized by the Company. With respect to the preferred stock offering, the Prospectus states "At least 90,000 Shares must be sold for \$990,000 before such proceeds will be released from the escrow account and utilized by the Company."

<sup>2</sup> According to Heisman, an investor verbally informed Heisman that he could use his investment proceeds in the amount of \$19,800 if necessary.

### III.

23. 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. § 551.604, to issue the following order and notices:

#### A. Consent Orders issued pursuant to Wis. Stat. § 551.604(2)

- (a) IT IS ORDERED summarily that 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, are exempt or are registered under Ch. 551 or successor statute, pursuant to Wis. Stat. §§ 551.604(1)(a) and (2).
- (b) IT IS FURTHER ORDERED summarily that 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 any RESPONDENT, are prohibited from violating Wis. Stat. § 551.501 or successor statute.
- (c) IT IS FURTHER ORDERED summarily that 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 either RESPONDENT, are prohibited from violating Ch. 551 or successor statute that might otherwise apply to any offer or sale of a security of or by RESPONDENTS.
- (d) IT IS ORDERED that a civil penalty be imposed on MICHAEL HEISMAN in the form of an administrative assessment totaling \$3,000. Such payment shall be made payable to the Wisconsin Department of Financial Institutions and shall be remitted via a cashier's check payable to the Wisconsin Department of Financial Institutions by no later than November 9, 2018.
- (e) PLEASE TAKE NOTICE that the consent orders of the Administrator are effective as of the issuance of this order, pursuant to Wis. Stat. § 551.604(2).
- (f) Disqualification under Regulation D should not arise as a consequence of this order.

#### B. Service of Order

- (g) 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.

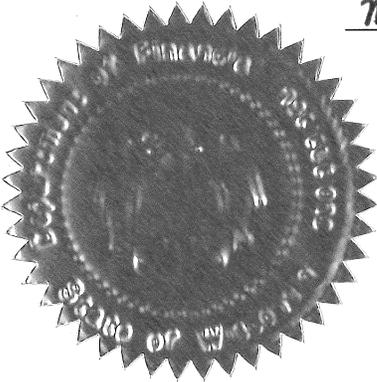
(h) PLEASE TAKE NOTICE that the date of the service of this order is the date it is placed in the mail.

**C. Notifications**

(i) PLEASE TAKE NOTICE that this Order consented to by Respondents restricts Respondents from transacting securities business in the State of Wisconsin pursuant to the terms of the orders issued pursuant to Wis. Stat. § 551.604(2).

(j) PLEASE TAKE FURTHER NOTICE that this Order is effective on the date it is issued. 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.

EXECUTED at Madison, Wisconsin, and effective on this 6<sup>th</sup> day of November, 2018.



*Leslie M. Van Buskirk*  
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Leslie M. Van Buskirk  
Administrator

Division of Securities  
State of Wisconsin  
Department of Financial Institutions  
4822 Madison Yards Way  
North Tower, 4<sup>th</sup> Floor  
Madison, Wisconsin 53705



**State of Wisconsin**  
*Department of Financial Institutions*

Scott Walker, Governor

Jay Risch, Secretary

**AFFIDAVIT OF SERVICE  
AND COMPLIANCE WITH WIS. STAT. § 551.611**

STATE OF WISCONSIN        )  
  ) ss.  
COUNTY OF DANE         )

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

1. I am employed 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 served by certified mail upon Respondent Michael Heisman at his last known address of W6455 Saw Tooth Court, Menasha, WI 54952:
  - i. A copy of the Consent Order to Cease and Desist and for Civil Penalties and a copy of the Waiver and Consent to Order, DFI Case No. S-238579 (EX); and
  - ii. A copy of this Affidavit of Service.
3. In compliance with Wis. Stat. §§ 227.48, 551.611, and 891.46; and Wis. Admin. Code. §§ DFI-Sec 8.06 and 8.07, I have also caused to be served copies of those same documents upon the Administrator for the Division of Securities.

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

*Katherine Clementi*

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KATHERINE CLEMENTI

State of Wisconsin  
Department of Financial Institutions  
Division of Securities

Subscribed and sworn to before me

This 6th day of November, 2018.

*Lindsay Fedler*  
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(Notary Seal)

Notary Public, State of Wisconsin

My commission is permanent.

