



STATE OF MISSOURI  
OFFICE OF SECRETARY OF STATE

IN THE MATTERS OF: )  
)  
)  
DANIEL S. MADASZ, SR.; ) Case No.: AP-20-18  
MADASZCONSULTING, INC; and )  
DSM ENTERPRISES, LLC, )  
)  
*First Matter Respondents.* )  
)  
JOHN D. MYERS; KENNETH D. MARG; )  
DANIEL S. MADASZ, SR.; ) Case No.: AP-21-02  
SKYTEC SECURITY SERVICES, LLC; and )  
SKYTEC SERVICE KC, LLC, )  
)  
*Second Matter Respondents.* )

**CONSENT ORDER**

**SUMMARY OF SECURITIES DIVISION’S ALLEGATIONS**

1. The Enforcement Section of the Missouri Securities Division of the Office of Secretary of State (“**Enforcement Section**”), through Securities Director of Enforcement Douglas M. Jacoby has alleged, with respect to AP-20-18, that between August 5, 2015 and March 14, 2019, First Matter Respondents engaged in acts and practices in violation of Sections 409.4-403(a), 409.4-403(d), 409.4-404(a), 409.5-501 and 409.5-502(2), and, with respect to AP-21-02, that between February 1, 2014 and June 1, 2018, Second Matter Respondents engaged in acts and practices in violation of Sections 409.3-301 and 409.5-501(2) and (3), of the Missouri Securities Act of 2003 (the “**Act**”).<sup>1</sup>
2. Respondent Daniel S. Madasz, Sr. (“**Madasz**”), along with all other First Matter Respondents (altogether, the “**Consenting Parties**”), and the Enforcement Section desire to settle the allegations raised in each of these matters by the Enforcement Section relating to the Consenting Parties’ involvement in the alleged violations as set forth in the Commissioner’s Orders to Cease and Desist and Order to Show Cause Why Restitution,

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<sup>1</sup> Unless otherwise indicated, statutory citations refer to the 2016 edition of the Revised Statutes of Missouri, updated by the 2021 Cumulative Supplement.

Civil Penalties, Costs, and Other Administrative Relief Should Not Be Imposed in these matters, which were issued, as to AP-20-18, on December 4, 2020, and, as to AP-21-02, on February 23, 2021.

### **CONSENT TO JURISDICTION**

3. The Consenting Parties and the Enforcement Section stipulate and agree that the Missouri Commissioner of Securities (“**Commissioner**”) has jurisdiction over the Consenting Parties and these matters pursuant to the Missouri Securities Act of 2003, Chapter 409, *et seq.*
4. The Consenting Parties and the Enforcement Section stipulate and agree that the Commissioner has authority to enter this Order pursuant to Section 409.6-604(h) which provides:

“The commissioner is authorized to issue administrative consent orders in the settlement of any proceeding in the public interest under this act.”

### **WAIVER AND EXCEPTION**

5. The Consenting Parties waive their right to a hearing with respect to these matters.
6. The Consenting Parties waive any right they may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order. The Consenting Parties specifically forever releases and holds harmless the Missouri Office of Secretary of State, Secretary of State, Commissioner of Securities, and their respective representatives and agents from any and all liability and claims arising out of, pertaining to, or relating to these matters.
7. The Consenting Parties stipulate and agree with the Enforcement Section that, should the facts contained herein prove to be false or incomplete in a material way, the Enforcement Section reserves the right to pursue any and all legal or administrative remedies at its disposal.

### **CONSENT TO COMMISSIONER’S ORDER**

8. The Consenting Parties and the Enforcement Section stipulate and agree to the issuance of this Order without further proceedings in these matter against the Consenting Parties, agreeing to be fully bound by the terms and conditions specified herein.
9. The Consenting Parties agree not to take any action or to make or permit to be made any public statement creating the impression that this Order is without factual basis. Nothing in this paragraph affects the Consenting Parties’ (a) testimonial obligations; (b) right to take legal or factual position in defense of litigation or in defense of other legal proceedings in which the Commissioner is not a party; or (c) right to make public statements that are factual.

10. The Consenting Parties agree that they are not the prevailing parties in this action since the Consenting Parties and the Enforcement Section have reached a good faith settlement related to the Consenting Parties' involvement in the alleged violations in these matters.
11. The Consenting Parties neither admit nor deny the allegations made by the Enforcement Section, but consent solely for the purpose of these matters only and not for any other matter, to the Commissioner's Findings of Fact, Conclusions of Law, and Order as set forth below solely for the purposes of resolving this proceeding and any proceeding that may be brought to enforce the terms of this Order.

## **COMMISSIONER'S FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER**

### **I. FINDINGS OF FACT**

#### ***A. First and Second Matter Respondents***

12. Madasz is a seventy-one-year-old Missouri resident. At all times relevant, Madasz was the sole managing member of DSM Enterprises, LLC and owner of MadaszConsulting, Inc., and was the senior vice president of business development for Skytec Security Services, LLC, with the principal responsibility to raise capital for that entity.
13. Review of Central Registration Depository ("CRD") records indicates that, at all times relevant, Madasz was not registered or exempt from registration in Missouri as an agent or investment adviser representative.
14. On or about December 2, 2020, Madasz pled guilty to three level 5 felonies in the State of Kansas in case number 19CR2440, involving fraud in connection with the offer and sale of securities, and was sentenced to twelve months in prison in addition to being ordered to pay \$550,000 in restitution<sup>2</sup>. As part of those sentences, Madasz was committed to the Kansas Department of Corrections between April 21, 2021 and February 17, 2022.
15. Kenneth D. Marg ("**Marg**") is a sixty-seven-year-old Arizona resident. At all times relevant, Marg was the president and, along with John D. Myers, a managing member and signatory to the bank accounts of Skytec Security Services, LLC.
16. John D. Myers ("**Myers**") is a sixty-four-year-old Arizona resident and the founder of Skytec Security Services LLC. At all times relevant, Myers, along with Marg, was a managing member and signatory to the bank accounts of Skytec Security Services, LLC.
17. DSM Enterprises, LLC ("**DSM**") is a Missouri limited liability company with a last known principal place of business at 11906 E. 203<sup>rd</sup> Street, Raymore, MO 64083. DSM was organized by Madasz in August 2015 with no defined business purpose. At all times

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<sup>2</sup> The restitution was ordered joint and several with any other individuals convicted in the scheme, the facts of which are similar in nature to those in the two current matters. To date, two additional individuals in the Kansas matter stand charged, but have not yet been convicted.

relevant, Madasz was the sole managing member of DSM.

18. Review of CRD records indicates that, at all times relevant, DSM was not registered or exempt from registration in Missouri as a broker-dealer or investment adviser.
19. MadaszConsulting, Inc. (“**MadaszConsulting**”) is a Missouri corporation organized by Madasz in 2011, with a last known place of business at 7500 College Blvd., Suite 500, Overland Park, KS 66210. MadaszConsulting purportedly offered advisory services to individuals in the areas of tax planning, retirement planning, insurance, trusts and benefits planning, as well as specialized services to business entities, including assistance with formation, review and drafting corporate documentation and the provision of accounting and capital raising services. Since June 13, 2013, MadaszConsulting has been subject to administrative dissolution by the Missouri Secretary of State’s Office for failing to file a correct and current annual report.
20. Review of CRD records indicates that, at all times relevant, MadaszConsulting was not registered or exempt from registration in Missouri as a broker-dealer or investment adviser.
21. Skytec Security Services, LLC f/k/a Skyline Security Services LLC (“**Skytec**”) is a Delaware limited liability company formed on July 22, 2013, with a last known primary place of business at 6424 E Greenway Parkway, #135, Scottsdale, AZ, 85254. Skytec’s business principally focused on selling and installing security monitoring equipment to homes and businesses across the United States. In 2015, Skytec expanded its services to include residential roof repair.
22. Skytec Service KC, LLC (“**Skytec Service KC**”) purportedly operated from the primary business address of 8603 E Royal Palm Rd., Scottsdale, AZ 85258. According to records at Enterprise Bank and Trust (“**Enterprise**”), where Madasz and Myers established a checking account for Skytec Service KC on June 16, 2016, Skytec Service KC is represented as a Kansas limited liability company; however, no record of such entity exists with the State of Kansas or, for that matter, with the states of Missouri or Arizona. Madasz, Myers and Marg were all signatories on the Enterprise account of Skytec Service KC from its inception until Madasz succeeded as sole signatory on May 12, 2017. Based on information and belief, at all times relevant, Madasz, Myers and Marg were each a 1/3 owner of Skytec Service KC, which purportedly engaged in a “roofing and security systems” business.

**B. Allegations Relevant to Respondents Madasz, DSM and MadaszConsulting**

**1. AP-21-02**

23. On February 1, 2014, Madasz joined the Arizona-based start-up enterprise Skytec as a salaried employee and Sr. Vice President of Business Development.
24. Madasz’s immediate duties at Skytec included, among other things, raising funds for Skytec to fund its growth and expansion plans.

25. Madasz carried out his role for Skytec remotely from the Kansas City, Missouri area, where Madasz lived.
26. To source funding for Skytec, Madasz targeted individual investors—specifically, clients of his defunct consulting enterprise, MadaszConsulting. In many instances, these individuals had known Madasz for years and implicitly trusted him.
27. Madasz met with potential investors at various locations – including the investors’ homes and restaurants located in Missouri – to discuss and recommend investments in Skytec.
28. Madasz encouraged potential investors to invest in Skytec with upbeat comments like, “Everything looks good,” “Business is good,” and “The business is growing.” Madasz expressed excitement over the future prospects of Skytec and told some investors that they would make more money investing with Skytec than investing in the stock market. To others, Madasz said that Skytec “would be a good investment for you” and that “[Skytec is] an extremely safe company to invest in.”
29. Madasz did not provide potential investors with any financials or other company-related documentation to support his statements about the quality of Skytec’s business.
30. Between February 1, 2014 and June 1, 2018, Madasz raised \$1,024,167 in total funding for Skytec and Skytec Service KC through the offer and sale of unregistered, non-exempt securities in the form of promissory notes to eight (8) Missouri residents.
31. Although the language of the notes was not always verbatim, the terms of all the notes, in general, offered each investor a high rate of interest (paid by Skytec or Skytec Service KC either periodically or accrued to maturity) and a return of the principal amount invested at maturity.
32. The source from which Skytec and Skytec Service KC were to obtain the money required in order to meet their payment obligations on the notes was to come from revenues generated from the roofing and security systems businesses the two enterprises purportedly operated.
33. All of the Missouri residents who purchased a Skytec or Skytec Service KC promissory note were passive investors who had no active role in the management of either enterprise.
34. A check of the records maintained by the Commissioner indicates that at all times relevant, there was no registration, granted exemption or notice filing in the State of Missouri indicating status as a “federal covered security” for the promissory note securities Madasz offered and sold to the eight Missouri residents.
35. At no time prior to the sale of the promissory note securities had Madasz or anyone else from Skytec disclosed, among other things, the following material information to the Missouri residents:

- a. that Skytec's founder and controlling managing member Myers had pled guilty to felony wire fraud in 2005 for which he was sentenced to five-months prison at Leavenworth Prison Camp, fined \$50,000 and, upon release from prison, served three years supervised probation;
  - b. that there was no registration, granted exemption or notice filing in the State of Missouri indicating status as a "federal covered security" for the promissory note securities Madasz was offering and selling on behalf of Skytec; and, in some instances,
  - c. that Madasz was actually employed by Skytec, as the Sr. Vice President of Business Development, with the primary job responsibility to raise capital for the company.
36. With respect to the funds raised for Skytec Service KC, a first-in-first-out ("FIFO") analysis of the Enterprise bank account in which investor funds were deposited shows that a portion of the funds were misappropriated by Madasz, as follows:
- a. a payment of \$50.58 on July 14, 2016, to Buffalo Wild Wings in Overland Park, KS; and
  - b. a transfer of \$21.74 (as part of a total transfer of \$5,625) on July 21, 2016 to the bank account of National Marketing Company dba Skytec Roofing.
37. To date, none of the Missouri residents who purchased a Skytec or Skytec Service KC promissory note security have received the full amount of interest owed from the investment or any return of their principal.

## 2. AP-20-18

38. On August 26, 2015, Madasz offered and sold a then sixty-eight-year-old Belton, Missouri resident, MR1, a three-year unsecured promissory note issued by DSM in the amount of \$20,000.
39. Madasz, as sole member of DSM, countersigns the document on behalf of DSM.
40. According to the terms of the note,
- a. DSM would pay monthly interest to the investor at an annual rate of twenty-four percent (24%);
  - b. the note would mature on August 26, 2018; and
  - c. DSM had the right to invest the funds received from MR1.
41. Appearing at the top of the first page of the note, in all capital letters, was the following disclosure:

*THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH SALE OR DISTRIBUTION MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL IN A FORM SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933 (the “Securities Act Disclosure”).*

42. MR1 tendered to Madasz a personal check, dated August 26, 2015, in the amount of \$20,000. MR1 had written out the check to “Daniel S. Madasz, Sr.” rather than DSM, which was MR1’s transactional counterparty on the note.
43. A review of bank records from Madasz’s personal bank account at Bank of America (“**Account #4791**”) shows the deposit of MR1’s check #1031 in the amount of \$20,000 on August 27, 2015.
44. Instead of promptly transferring the funds to DSM’s Bank of America account (“**Account #6532**”), Madasz left MR1’s funds comingled with his own personal funds in Account #4791.
45. A review of Account #4791 for the period August 27, 2015 through September 10, 2015, shows, based on a FIFO analysis, that Madasz misappropriated MR1’s investment for Madasz’s own personal use – paying for everyday goods and services for Madasz and his family.
46. Bank records show that, as a result of the misappropriation described above, of the \$20,000 MR1 invested in DSM, only \$9,097.58 ever made it into DSM’s Account #6532, by way of a \$13,000 transfer Madasz made on September 1, 2015, from Madasz’s personal Account #4791 to DSM’s Account #6532 – \$9,097.58 of which represented MR1’s funds and the remaining \$3,902.42 represented other monies Madasz had received into Account #4791.
47. Following the \$13,000 transfer of funds from Madasz’s personal Account #4791 to DSM’s Account #6532, Madasz wrote a check from DSM’s Account #6532 in the amount of \$13,000, payable to “Skytec.” Although bank records confirm that the check was cashed against DSM’s Account #6532 and deposited into the Wells Fargo bank account of Skytec Funding Company, LLC ending in #0039, it is unclear why Madasz paid this amount to the Skytec Organization, as no documentation appears to exist to validate the reason for the transaction.
48. To date, bank records indicate that Madasz and DSM only returned \$1,200 to MR1 on her investment in the DSM promissory note.

49. MR1 passed away on December 27, 2016.
50. The estimated total loss to MR1 on the DSM promissory note, including interest, is \$33,200.

### **Investments by Kansas Resident 1 (“KR1”) and Illinois Resident 1 (“IR1”)**

51. Madasz met KR1 – a then fifty-one-year-old Overland Park, Kansas resident – through the Kansas City chapter of the American Club Association (“ACA”), a private club dedicated to serving professionals, executives and business owners. KR1 had been a member for more than ten years by the time Madasz began attending ACA meetings in August 2015.
52. Soon after joining ACA, Madasz began soliciting the services of MadaszConsulting to ACA members, including KR1.
53. Madasz represented himself to KR1 and others at ACA as a registered investment adviser representative.
54. In February 2016, KR1 agreed to engage MadaszConsulting through the small, private business KR1 owned and operated to advise KR1 on, among other things, retirement planning. In compensation for Madasz’s advice, KR1 paid Madasz a flat fee of \$1,900.
55. According to the engagement letter KR1 executed with MadaszConsulting on February 5, 2016, MadaszConsulting was to “carefully review current retirement plan vehicles,” which included KR1’s current Roth IRA at Security Financial Resources, Inc. (“SFR”)<sup>3</sup>, and “suggest considerations to use the current instruments to their highest and best use.”
56. In the course of providing such advice, Madasz recommended KR1 allow Madasz to manage the assets in KR1’s Roth IRA through one of Madasz’s other companies, DSM, which Madasz represented to KR1 as a registered investment adviser. To accomplish this, Madasz suggested KR1 liquidate the current investments KR1 had in his Roth IRA – a combination of equity and fixed income mutual funds – and invest in a DSM promissory note.
57. At no time prior to providing the investment advice to KR1 had Madasz disclosed to KR1 that MadaszConsulting was not a registered investment adviser or that Madasz was not an investment adviser representative in the State of Missouri.
58. To facilitate the sale of the DSM promissory note to KR1, Madasz advised KR1 to move KR1’s Roth IRA from SFR to IRA Services Trust Company (“**IRA Services Trust**”) with which Madasz already knew from experience would allow transactions in alternative investments like the DSM note.

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<sup>3</sup> SFR, a wholly owned subsidiary of Security Benefit Life Insurance Company, is a nationwide provider of retirement plan services.



59. In his conversations with KR1, Madasz learned that KR1's mother IR1, an eighty-one-year-old East Peoria, Illinois resident, was ailing in health and was receiving costly long-term medical care. KR1 conveyed KR1's concern to Madasz about the ability of IR1's savings<sup>4</sup> to sufficiently afford the cost of IR1's long-term care. Madasz responded by offering KR1, as co-trustee<sup>5</sup> of IR1's assets, to place some of IR1's savings with DSM, also through the purchase of a DSM promissory note, and allow Madasz to manage money for both KR1 and IR1.
60. In the context of managing money for both KR1 and IR1, Madasz suggested to KR1 that DSM could place all or a portion of KR1 and IR1's funds with a third party who would invest in the foreign currency (FX) market. Madasz represented to KR1 that the third party could make a lot of money for KR1 and IR1.
61. Based on representations Madasz had made to KR1, KR1 agreed to let Madasz manage the entire balance in KR1's Roth IRA and, in agreement with KR1's co-trustee brother, \$40,000 of IR1's savings. In doing so, KR1 was clear with Madasz that, as a result of IR1's desperate need for a quick profit, Madasz could invest the entire \$40,000 portion of IR1's funds in FX investments, but that, with respect to KR1's Roth IRA savings, Madasz was not to invest more than 10-15% of KR1's money in FX, leaving the rest of KR1's money in safe, conservative investments.
62. Soon thereafter, in anticipation of selling a DSM promissory note to KR1 as a means of effectively transferring the entire balance in KR1's Roth IRA at SFR under the investment management of DSM and Madasz, Madasz advised KR1 to move KR1's then current Roth IRA from its current custodian, SFR, where the account had been covered by a registered agent of OFG Financial Services, Inc.,<sup>6</sup> to IRA Services Trust, where the account would be covered by Madasz.
63. A review of KR1's Roth IRA account statement, as of February 24, 2016, shows the entire account balance of \$103,305.37 fully invested in a combination of equity and fixed income funds.
64. A review of the on-boarding documents at IRA Services Trust, which were completed by Madasz and one of his sons on or around February 26, 2016, shows Madasz as the "authorized financial representative and/or agent" for KR1's Roth IRA.
65. On or around March 3, 2014, following the establishment of KR1's new Roth IRA at IRA Services Trust, Madasz's son, at the instruction of Madasz, completed the transfer authorization form that directed SFR to rollover KR1's Roth IRA from Security Benefit to IRA Services Trust and sent the form to KR1 for signature. Among other things, the transfer authorization form stated,

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<sup>4</sup> IR1's savings constituted cash residing in a bank account.

<sup>5</sup> KR1 was one of two trustees overseeing IR1's assets, which had been placed in an irrevocable trust. The other co-trustee was KR1's brother.

<sup>6</sup> OFG Financial Services, Inc. is a FINRA member broker-dealer and an SEC registered investment advisor.

- a. [this form shall] “authorize the delivering firm to sell any non-transferable money fund shares, and any shares of other mutual funds that you have requested be sold, and transfer the proceeds as cash.”
66. On March 7, 2016, the investments in KR1’s Roth IRA at SFR were liquidated. The approximate amount of cash in KR1’s Roth IRA at SFR following the liquidations was \$108,118.83.
  67. On or about March 8, 2016, the entire balance of \$108,118.83 was withdrawn from KR1’s Roth IRA at SFR and deposited into KR1’s newly opened Roth IRA at IRA Services Trust.
  68. On or around March 14, 2016, following completion of the rollover,
    - a. Madasz instructed his son to complete an IRA Services Trust *Investment Authorization* form, which detailed to IRA Services that KR1 was to purchase an unsecured promissory note from DSM in the amount of \$107,500, and an IRA Services *Wire Request* form, that instructed IRA Services Trust to wire \$107,500 from KR1’s Roth IRA at IRA Services Trust to DSM’s Account #6532. Madasz’s son then sent the completed forms to KR1 via email for signature;
    - b. Madasz also instructed his son to complete an IRA Services Trust *Prohibited Transactions Questionnaire* form (including responding to the questions on the form that should have been completed personally by KR1) and send the document via email to KR1 for signature; and
    - c. KR1 signed all three of the aforementioned documents and returned them to Madasz via a reply email to Madasz’s son, who then forwarded the documents to IRA Services Trust for processing.
  69. On or around March 14, 2016, Madasz offered KR1 a DSM promissory note. To lure KR1 into the investment, Madasz promised KR1 that DSM would agree to pay KR1 monthly interest at a rate of twelve percent (12%) annually.
  70. On March 14, 2016, KR1 executed a three-year unsecured promissory note with DSM in the amount of \$107,500. Madasz, as the sole managing member of DSM, countersigned the document on behalf of DSM.
  71. Among other things, the DSM promissory note document contained the following representations:
    - a. “In addition, at the discretion of [DSM], **additional** monthly interest may be paid to the Holder” (emphasis added); and
    - b. “Internally, there will be an end of monthly accounting of all funds verifying the presence of principal after accounting for interest which will be paid out

for that particular month's interest due. A CPA will, on a quarterly basis, verify the monthly accounting. These reports will be emailed to the Holder.”

72. At no time prior to the sale of the DSM note to KR1 had Madasz disclosed to KR1 that DSM was not a registered investment adviser or that Madasz was not an investment adviser representative in the State of Missouri.
73. To date, KR1 neither received any interest payments nor any such reports.
74. Similar to the DSM note purchased by MR1, the note purchased by KR1 also contained a Securities Act Disclosure at the top of the document.
75. A review of records from DSM's Account #6532 shows a wire deposit on March 17, 2016, from IRA Services Trust, for the benefit of KR1's Roth IRA, in the amount of \$107,500.
76. On that same date, March 14, 2016, KR1, as co-trustee of IR1's irrevocable trust, executed another three-year unsecured promissory note with DSM in the amount of \$40,000<sup>7</sup>. Madasz, as sole managing member of DSM, countersigned the document on behalf of DSM.
77. The language of the DSM promissory note purchased by IR1's irrevocable trust is identical in all respects to the DSM promissory note purchased by KR1 through KR1's Roth IRA, except where the maturity date on KR1's promissory note was March 14, 2019, the maturity date on IR1's promissory note, oddly, was listed as March 11, 2019.
78. For IR1's investment in the DSM promissory note, KR1 presented Madasz with a check, dated March 14, 2016, drawn from IR1's Gifford State Bank account in the amount of \$40,000 and paid to the order of DSM.
79. A review of bank records for DSM's Account #6532 shows the following deposits:
  - a. on March 17, 2016, \$107,500 from IRA Services Trust for the benefit of KR1's Roth IRA; and
  - b. on March 14, 2016, a mobile deposit of \$40,000.
80. The balance in DSM's Account #6532 prior to these two deposits was \$7.00.
81. Despite Madasz's representations to KR1 and IR1 that DSM and Madasz would invest KR1 and IR1's funds as instructed and on their behalf, Madasz, once in possession of KR1 and IR1's funds, misappropriated the funds for Madasz's own personal benefit.
82. Following receipt of KR1 and IR1's funds into DSM's Account #6532, Madasz immediately transferred all but \$10.00 of KR1 and IR1's funds to his personal Account

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<sup>7</sup> KR1's co-trustee brother was also a signatory on the DSM promissory note.

- #4791. Madasz used the \$10.00 to pay a portion of a \$15.00 wiring fee assessed on the inbound wire of KR1's \$107,500 deposit to DSM's Account #6532.
83. A review of bank records for Madasz's personal Account #4791 shows the following incoming deposits totaling \$147,490:
- a. an on-line transfer on March 17, 2016 in the amount of \$107,500 from Account #6532;
  - b. an on-line transfer on March 21, 2016 in the amount of \$3,990 from Account #6532; and
  - c. an on-line transfer on March 21, 2016 in the amount of \$36,000 from Account #6532.
84. On March 21, 2016, upon receiving the \$147,490 into his personal Account #4791, Madasz, in blatant disregard of KR1's previous investment instructions (to Madasz) to not invest more than 10-15% of KR1's funds in FX investments, transferred \$147,400 – representing \$40,000 of IR1's investment and \$107,400, or 99%, of KR1's investment – to a trading account registered in Madasz's name (“**Trading Account #9782**”) at foreign currency brokerage firm Forex Capital Markets (“**FXCM**”). Madasz left \$90.00 of KR1's funds commingled in Madasz's personal Account #4791, which became fungible and, on a FIFO analysis, was used to pay Madasz's Sprint mobile phone bill on March 18, 2016.
85. On March 21, 2016, upon receiving the \$147,490 into Trading Account #9782, Madasz transferred roughly half the funds, \$73,400, to another FXCM trading account registered in Madasz's name (“**Trading Account #0199**”).
86. A review of records from Trading Account #9782 and Trading Account #0199 show consistent day trading in both accounts from March 23, 2016 to May 23, 2016. It is unclear who was trading the two accounts. By May 23, 2016, Trading Account #0199 had sustained trading losses and commission expenses of \$9,933.20 and Trading Account #9782 had sustained trading losses and commission expenses of \$8,947.38. Additionally, \$3,569.50 had been withdrawn out of the two accounts by Madasz during that same period.
87. On June 3, 2016, Madasz depleted the entire remaining balance of \$63,847.38 in Trading Account #0199 by transferring \$400.00 over to Trading Account #9782 and \$63,447.38 to Madasz's personal Account #4791 where the money became commingled and fungible with Madasz's personal funds.
88. On the same day, June 3, 2016, Madasz also depleted the entire remaining balance of \$66,602.62 in Trading Account #9782 (which now included the additional \$400.00) out of the account by transferring \$66,602.62 to Madasz's personal Account #4791<sup>8</sup> where the money became commingled and fungible with Madasz's personal funds.

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<sup>8</sup> \$5,100 of the funds were posted back to the debit card linked to Account #4791 on June 8, 2016.

89. Over the ensuing weeks, Madasz moved KR1 and IR1's remaining funds, back and forth, as needed, between Madasz's personal Account #4791, the DSM Account #6532 and the BofA bank account of MadaszConsulting ending in #0432, for his own personal benefit.
90. For example, a review of bank records for Madasz's personal Account #4791, for the period June 3, 2016 through July 31, 2016, shows, based on a FIFO analysis, that KR1 and IR1's funds were used by Madasz for his own personal benefit.
91. Additionally, a review of bank records for DSM's Account #6532, for the period June 3, 2016 through July 31, 2016, shows, based on a FIFO analysis, that KR1 and IR1's funds were also misappropriated by Madasz.
92. KR1 never received any interest payments from the DSM promissory note or a return of KR1's principal investment of \$107,500.
93. To date, KR1 has an estimated loss, including unpaid interest, on the DSM promissory note of \$146,200.
94. Bank records from Madasz's personal Account #4791 and DSM's Account #6532 show Madasz making payments to IR1, from March 2017 through September 2017, totaling only \$3,600.
95. To date, IR1 has an estimated loss, including unpaid interest, on the DSM promissory note of \$50,800.

## II. CONCLUSIONS OF LAW

92. **THE COMMISSIONER CONCLUDES** that the promissory notes offered and sold in both these matters are securities as defined in Section 409.1-102(28).
93. **THE COMMISSIONER CONCLUDES** that, in AP-21-02, Madasz offered and sold unregistered, non-exempt securities, on behalf of Skytec and Skytec Service KC, in the State of Missouri in violation of Section 409.3-301.
94. **THE COMMISSIONER CONCLUDES** that, in AP-20-18, Respondent MadaszConsulting engaged, for compensation, in the business of advising others as to the advisability of investing in, purchasing, or selling securities, in the State of Missouri, without being registered or exempt from registration as an investment adviser, in violation of Section 409.4-403(a).
95. **THE COMMISSIONER CONCLUDES** that, in AP-20-18, Respondent MadaszConsulting employed or associated with an individual required to be registered in the State of Missouri as an investment adviser representative, who transacted business in the State of Missouri on behalf of MadaszConsulting without being registered or exempt from registration as an investment adviser representative, in violation of Section 409.4-403(d).

96. **THE COMMISSIONER CONCLUDES** that, in AP-20-18, Respondent Madasz transacted business in the State of Missouri as an investment adviser representative without being registered or exempt from registration as an investment adviser representative in the State of Missouri, in violation of Section 409.4-404(a).
97. **THE COMMISSIONER CONCLUDES** that, in AP-20-18, Respondents DSM and Madasz, in connection with the offer and sale of securities: (i) employed a device, scheme, or artifice to defraud, (ii) made untrue statements of material fact or omitted to state a material fact necessary in order to make the statement made, in light of the circumstances under which it is made, not misleading, and (iii) engaged in an act, practice or course of business that operates or would operate as a fraud or deceit upon another person, in violation of Section 409.5-501.
98. **THE COMMISSIONER CONCLUDES** that, in AP-21-02, Respondent Madasz, in connection with the offer or sale of securities: (i) made untrue statements of a material fact or omitted to state a material fact necessary in order to make the statement made, in light of the circumstances under which it was made, not misleading, and (ii) engaged in an act, practice, or course of business that operated or would operate as a fraud or deceit upon another person, in violation of Section 409.5-501.
99. **THE COMMISSIONER CONCLUDES** that, in AP-20-18, Respondents MadaszConsulting and Madasz, in connection with advising others for compensation, as to the advisability of investing in, purchasing, or selling securities, engaged in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person, in violation of Section 409.5-502(2).
100. **THE COMMISSIONER CONCLUDES** that the violations above are sufficient to issue an order in accordance with Section 409.6-604.
101. The Commissioner, after consideration of the stipulations set forth above and on consent of the Consenting Parties and the Enforcement Section, finds and concludes that the Commissioner has jurisdiction over the Consenting Parties in these matters and that the following Order is in the public interest, necessary for the protection of public investors and consistent with the purposes intended by Chapter 409, RSMo.

### **III. ORDER**

**NOW, THEREFORE**, it is hereby ordered that:

102. Respondents Madasz, DSM and MadaszConsulting and their respective agents, employees and servants, and all other persons participating in the above-described alleged violations with knowledge of this Order are permanently enjoined and restrained from engaging in violations of Sections 409.3-301, 409.4-403(a), 409.4-403(d), 409.4-404(a), 409.5-501, and 409.5-502(2).
103. Respondents Madasz, DSM and MadaszConsulting, joint and several, shall pay restitution

in the amount of \$10,000 for violations of Sections 409.3-301, 409.4-403(a), 409.4-403(d), 409.4-404(a), 409.5-501, and 409.5-502(2). This amount shall be made payable, at the time this consent order is executed by Respondents, to the **Missouri Secretary of State's Investor Restitution Fund**, and the Commissioner will take reasonable and necessary actions to distribute such funds on a pro rata basis to the investors as set forth in Exhibit 1 attached herein.

104. Respondents Madasz, DSM and MadaszConsulting shall pay their own respective costs and attorneys' fees with respect to this matter.

**SO ORDERED:**

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY, MISSOURI THIS 28<sup>th</sup> DAY OF APRIL, 2022.



JOHN R. ASHCROFT  
SECRETARY OF STATE

A handwritten signature in blue ink, appearing to read "David M. Minnick", is written over a horizontal line.

DAVID M. MINNICK  
COMMISSIONER OF SECURITIES

Consented to by:


~~MISSOURI SECURITIES DIVISION:~~

A handwritten signature in blue ink, appearing to read "Douglas M. Jacoby", is written over a horizontal line.

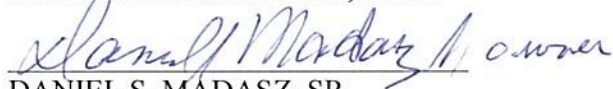
DOUGLAS M. JACOBY  
DIRECTOR OF ENFORCEMENT

Consented to by:

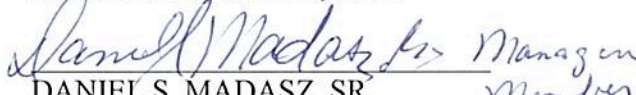
**DANIEL S. MADASZ, SR.:**

  
DANIEL S. MADASZ, SR.  
RESPONDENT

**MADASZCONSULTING, INC.:**

  
DANIEL S. MADASZ, SR.  
OWNER

**DSM ENTERPRISES, LLC:**

  
DANIEL S. MADASZ, SR.      *Managing Member*  
MANAGING MEMBER



**EXHIBIT 1**  
AP-21-02/ AP-20-18; I2017-0048

IN THE MATTERS OF:

Daniel S. Madasz, Sr.; MadaszConsulting, Inc.; and  
DSM Enterprises, LLC,

and

John D. Myers; Kenneth D. Marg;  
Daniel S. Madasz, Sr.; Skytec Security Services, LLC;  
and Skytec Service KC, LLC,

**Pro Rata Allocation of \$10,000 Daniel S. Madasz Settlement Amount**

MR1/AP-21-02:	\$1,048.95
MR2/AP-21-02:	\$979.02
MR3/AP-21-02:	\$260.98
MR4/AP-21-02:	\$326.43
MR5/AP-21-02:	\$1,367.83
MR6/AP-21-02:	\$528.67
MR7/AP-21-02:	\$3,914.68
MR8/AP-21-02:	\$167.83
MR8/AP-20-18:	\$167.83
KR1/AP-20-18:	\$902.11
IR1/AP-20-18:	\$335.67