



STATE OF MISSOURI  
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF: )

JOHN D. MYERS; KENNETH D. MARG; )  
DANIEL S. MADASZ, SR.; )  
SKYTEC SECURITY SERVICES, LLC; and )  
SKYTEC SERVICE KC, LLC, )

Case No.: AP-21-02

*Respondents.* )

Serve: Daniel S. Madasz, Sr. )  
c/o Anthony L. Gosserand )  
Van Osdol, PC )  
1000 Walnut Street, Suite 1500 )  
Kansas City, MO 64106 )  
[tgosserand@vanosdolkc.com](mailto:tgosserand@vanosdolkc.com) )

John D. Myers )  
6341 East Sunnyside Drive )  
Scottsdale, AZ 85254 )

Kenneth D. Marg )  
c/o Matt Kitzi )  
Armstrong Teasdale LLP )  
3405 West Truman Boulevard, Suite 210 )  
Jefferson City, MO 65109 )

Skytec Security Services, LLC )  
c/o United States Corporation Agents, Inc. )  
221 N Broad St., Suite 3A )  
Middletown, DE 19709 )

Skytec Service KC, LLC )  
8603 E Royal Palm Road )  
Scottsdale, AZ 85258 )

**ORDER TO CEASE AND DESIST AND ORDER TO SHOW CAUSE WHY CIVIL  
PENALTIES, RESTITUTION, COSTS AND OTHER ADMINISTRATIVE RELIEF  
SHOULD NOT BE IMPOSED**

On February 9, 2021, the Enforcement Section of the Missouri Securities Division of the Office of Secretary of State ("the Enforcement Section"), through Director of Enforcement Douglas. M. Jacoby, submitted a Petition for Order to Cease and Desist and Order to Show Cause Why Civil Penalties, Restitution, Costs and Other Administrative Relief Should Not Be Imposed ("the Petition"). After receiving the Petition, the Missouri Commissioner of Securities ("the Commissioner") issues the following order:

**I. ALLEGATIONS OF FACT**

The Petition alleges the following facts:

**A. Introduction**

Between February 1, 2014 and June 1, 2018 ("Relevant Period"), Respondents raised \$1,024,167 through the offer and sale of unregistered, non-exempt securities in the form of promissory notes to eight (8) Missouri residents. In connection with such offers and sales, Respondents, either directly or indirectly through Respondent Madasz, made untrue statements and material omissions that mislead the investors into investing in the fledgling enterprises of Respondents Skytec Security Services, LLC, and Skytec Service KC, LLC. Once in possession of the investors' funds, Respondents misappropriated the funds for their own personal benefit and Respondents Myers, Marg, and Skytec Security Services, LLC, operated a Ponzi-like scheme in which new investor funds were used to pay earlier investors.

**B. Respondents and Related Parties**

1. Daniel S. Madasz, Sr. ("Madasz") is a seventy-year-old Missouri resident with a last known address of 11906 E. 203<sup>rd</sup> St., Raymore, Missouri 64083. During the Relevant Period, Madasz was the senior vice president of business development for Skytec Security Services, LLC ("Skytec"), with the principal responsibility to raise capital for that entity. Additionally, Madasz conducted a financial consulting business under the name MadaszConsulting, Inc. ("MadaszConsulting"), of which he was a board member. Madasz conducted activities for both enterprises in Missouri and at least two different office locations in the State of Kansas during the Relevant Period.
2. Kenneth D. Marg ("Marg") is a sixty-six-year-old Arizona resident with a last known address of 8408 East Welsh Trail, Scottsdale, Arizona 85258. During the Relevant Period, Marg was both the president and, along with Respondent Myers, a managing member of Skytec.
3. John D. Myers ("Myers") is a sixty-four-year-old Arizona resident with a last known address of 6341 East Sunnyside Drive, Scottsdale, Arizona 85254. Myers is both the founder and, along with Respondent Marg during the Relevant Period, a managing member of Skytec.
4. Skytec (f/k/a Skyline Security Services LLC) 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, Arizona 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. During the Relevant Period, Myers and Marg were the managing members of Skytec.

5. Skytec Service KC, LLC (“Skytec Service KC”), purportedly operated from the primary business address of 8603 E Royal Palm Rd., Scottsdale, Arizona 85258. According to records at Enterprise Bank and Trust (“Enterprise Bank”), 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 Bank account of Skytec Service KC from its inception until Madasz succeeded as sole signatory on May 12, 2017. Based on information and belief, during the Relevant Period, Madasz, Myers, and Marg were each a 1/3 owner of Skytec Service KC, which purportedly engaged in a “roofing and security systems” business.
6. David Robins (“Robins”) is a sixty-nine-year-old Kansas resident with a last known address of 516 S Floyd St., Wichita, Kansas 67209. During the Relevant Period, Robins was purportedly an independent foreign exchange day trader.
7. Forge Trust Company (f/k/a IRA Services Trust Company)(“Forge Trust”) is a non-depository trust company chartered by the State of South Dakota and regulated by the South Dakota Division of Banking. Forge Trust Company provides administrative and custody services to individuals, financial advisers, and investment issuers for individual retirement account (“IRA”) funded investments in real estate, private stock, private equity and other alternative investments
8. MadaszConsulting, Inc. (“MadaszConsulting”) is a Missouri corporation organized by Madasz in November 2011, with a last known place of business at 11906 E. 203rd St., Raymore, Missouri 64083. MadaszConsulting provided, among other things, 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. Despite being subject to administrative dissolution by the Missouri Secretary of State’s Office since June 13, 2013, for failing to file a correct and current annual report, MadaszConsulting has been continuously operated by Madasz from its date of organization in 2011 through at least 2017. While maintaining a couple of physical office locations in Missouri and Kansas, Madasz routinely conducted business in the homes of clients or mutually agreed upon restaurant locations in the State of Missouri as discussed further below.
9. National Marketing Company, LLC, d/b/a Skytec Roofing (“Skytec Roofing”), is a Delaware limited liability company formed on March 20, 2015. Skytec Roofing purported to be in the roofing business. Skytec Roofing’s registration was involuntarily canceled by the State of Delaware on June 1, 2018, for neglect, refusal, or failure to pay its annual taxes.
10. Skytec Funding Company, LLC (“Skytec Funding”), is a Delaware limited liability company

formed on July 23, 2013. Skytec Funding purported to be in the business of “security technology.” Skytec Funding’s registration was involuntarily canceled by the State of Delaware on June 1, 2016, for neglect, refusal, or failure to pay its annual taxes.

11. Skytec Security of Kansas City, LLC (“Skytec Kansas City”) is a Delaware limited liability company formed through an organizer at LegalZoom.com on October 28, 2014, with a primary business address at 8603 E Royal Palm Rd., Scottsdale, Arizona 85258. The entity appears to have had no business or bank account and existed in name only.

### **C. Enforcement Section's Investigation**

#### **Background**

12. Madasz was originally introduced to Myers, Marg and Skytec through a third party in August 2013. The third party had recruited Madasz to identify and introduce prospective investors interested in loaning money to the third party and his partner’s then latest business venture: Skytec Security Operations, LLC (“Skytec Operations”), an affiliate of Skytec.<sup>1</sup>
13. Based on information and belief, in October 2013, as a result of Madasz’s dissatisfaction with the compensation he was being paid as a finder for Skytec Operations, Madasz began to distance himself from the third party and his business partner and the role of finder for Skytec Operations in favor of working directly with Myers, Marg and Skytec, with who Madasz saw more financial opportunity for himself.
14. Based on information and belief, from October 2013 through January 2014, Madasz had several conversations with Myers, and to a lesser degree Marg, about joining Skytec as a salaried employee, operating remotely from the Kansas City, Missouri, area, where Madasz lived.
15. On January 24, 2014, Marg sent Madasz an email (with copy to Myers) confirming a job offer to Madasz to join Skytec as “Sr. Vice President, Business Development” for a monthly salary of \$11,000. According to the email, Madasz’s immediate duties would include, among other things, raising necessary capital for Skytec’s regional operations.
16. Madasz accepted the offer and formally became a full-time, W-2 employee of Skytec on February 1, 2014.
17. To source investors, Madasz targeted individuals who were clients of his defunct consulting enterprise, MadaszConsulting. In many instances, these individuals had known Madasz for years and implicitly trusted him.

#### **Investment by Missouri Resident 1 (“MR1”)**

18. Shortly after joining Skytec, Madasz re-connected via telephone with then sixty-four-year-old Belton, Missouri, resident, MR1. Months earlier, in October 2013, MR1 had invested in Skytec

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<sup>1</sup> See AP-20-09, *In the Matter of Patrick S. Kucera, Henrik R. Jensen, Skytec Security Midwest LLC and Skytec Security Operations LLC* (filed June 15, 2020).

Operations as the result of an introduction by Madasz. MR1 was also a MadaszConsulting client. Through his position as MR1's financial planner, Madasz had intimate knowledge of MR1's finances and knew MR1 recently received approximately \$125,000 from the sale of an investment property, which MR1 planned to invest in the stock market.

19. At Madasz's request, MR1 met with Madasz at the 54<sup>th</sup> Street Grill and Bar in Lee's Summit, Missouri, to discuss an alternative investment plan Madasz wanted to present to MR1 for the sales proceeds from the investment property. At this meeting, Madasz, on behalf and for the benefit of Skytec, solicited MR1 to invest the sales proceeds with Skytec.
20. Madasz encouraged MR1's investment 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 MR1 that MR1 would make more money investing with Skytec than investing in the stock market.
21. Madasz did not provide MR1 any financials or other company-related documentation to support his statements.
22. On or around June 4, 2014, based solely on Madasz's continued advice and encouragement that MR1 invest money into another Skytec enterprise, MR1, agreed to enter into a two-year unsecured convertible promissory note ("Convertible Note") in the amount of \$125,000 with Skytec.
23. The Convertible Note contained, among other things, the following terms:
  - a. "[f]or value received, [Skytec], a Delaware corporation (*sic*) (the "Company"), promises to pay to [MR1] (the "Holder"), the principal sum of One Hundred Thousand Dollars (*sic*) plus interest;"<sup>2</sup>
  - b. "interest shall accrue from the date of this [Convertible Note] on the unpaid principal amount at a rate equal to twelve (12%) percent paid monthly;"
  - c. "interest shall accrue on this [Convertible Note] but shall not be due and payable until the Maturity Date;"
  - d. "[u]nless converted...., this [Convertible Note] will automatically mature and be due and payable on June 4, 2016;" and
  - e. "[t]he entire amount of principal and accrued interest on this [Convertible Note] may be converted into shares of the [Skytec]'s Regional entity, [Skytec Kansas City]<sup>3</sup> (the 'Equity Securities') at the discretion of the note holder. The note holder shall be entitled

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<sup>2</sup> Due to Skytec's constant recycling of documents from prior transactions, such oversights and drafting errors appear routinely in Skytec investment-related documentation. Despite this particular drafting error on MR1's Convertible Note, the correct amount of MR1's actual investment appears at the top of the Convertible Note document as "\$125,000".

<sup>3</sup> The entity name appearing on the document is "Skytec Security Kansas City, LLC" rather than "Skytec Security of Kansas City, LLC" due to, based on information and belief, a typographical error by the document's drafter(s).

to convert to a 5.36% equity position in that entity”.

24. At the top of the first page of the Convertible 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 (“Securities Act Disclosure”).*

25. The document also contains the following statement:

*In no event shall any shareholder, officer or director of [Skytec] be liable for any amounts due or payable pursuant to this [Convertible Note]. (“Limitation of Liability Language”)*

26. The Convertible Note was not signed by either party.

27. At the time of MR1’s investment in Skytec, MR1 was retired, living off a pension and had roughly \$70,000 in combined annual income between MR1 and MR1’s spouse. MR1 was not an ‘accredited investor,’ as that term is defined in Rule 501(a) of Regulation D under the Securities Act of 1933 (“Regulation D”).<sup>4</sup>

28. A check of the records maintained by the Commissioner indicates that at all times relevant to this matter, there was no registration, granted exemption, or notice filing in the State of Missouri indicating status as a “federal covered security” for the Convertible Note offered and sold to MR1.

29. At no time prior to the purchase of the Convertible Note had Madasz or anyone else from Skytec disclosed the following material information to MR1:

- a. Skytec Kansas City, at the time, was a non-operational entity with no revenue or bank account;
- b. Myers 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; and
- c. there was no registration, granted exemption or notice filing in the State of Missouri

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<sup>4</sup> See 17 CFR §230.501(a).

indicating status as a “federal covered security” for the Convertible Note.

30. A review of bank records from Skytec’s Wells Fargo bank account ending in #9789 (“Skytec Account #9789”) shows a deposit on June 4, 2014, via Fedwire, for \$125,000 from MR1’s account at Community America Credit Union. At the time of the deposit, Skytec Account #9789 had a negative balance of \$546.01.
31. Further review of Skytec Account #9789 shows, contrary to Madasz’s positive comments about Skytec to MR1, Skytec was so desperate for funds that within forty-eight hours from the time MR1’s funds were deposited into Skytec Account #9789, Myers and Marg spent more than \$59,900.00 – nearly fifty percent – of MR1’s investment in a flurry of payments to, among other things, cover overcharges in various Skytec bank accounts (including the accounts of Skytec affiliates), past due bills, past due payments to credit cards companies, past due commissions to sales personnel and past due payroll to Skytec employees.
32. A review of Skytec Account #9789 also shows, among the thirty (30) withdrawal transactions that occurred on June 4, 2014, and June 5, 2014, the following misappropriation of MR1’s funds:
  - a. a June 4, 2014, payment of \$400.00 to Myers’s personal bank account at Wells Fargo ending in #1477 (“Myers’s Personal Account #1477”) to cure a non-business-related overdraft;
  - b. a June 4, 2014, payment of \$12,000 to the personal bank account of Myers’ spouse, who had no discernible affiliation with Skytec or any of its affiliates;
  - c. a June 5, 2014, payment of \$210.00 to the City of Scottsdale to pay a summons associated with a motor vehicle violation by Myers;<sup>5</sup> and
  - d. a June 5, 2014, payment of \$1,200.00 to satisfy the debt accrued on the personal Discover credit card of Myer’s spouse, which was bloated with personal expenses.
33. Further review of Skytec Account #9789 shows that from June 6, 2014, through June 20, 2014, Myers misappropriated MR1’s investment for his own personal use, including, but not limited to, the following expenses:
  - a. a second payment of \$12,000<sup>6</sup> on June 18, 2014, to the personal bank account of Myers’ spouse;
  - b. payments totaling \$1,768.00<sup>7</sup> to satisfy the debt accrued on the personal Discover credit card of Myer’s spouse; and

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<sup>5</sup> Case #M-0751-TR-2014007564, Complaint #01921601. Payment was made in the form of a check, originally dated May, 24, 2014, which had been rejected prior to the Fedwire deposit by MR1 on June 4, 2014, for insufficient funds in the account, but ultimately was cleared against Skytec Account #9789 on June 5, 2014.

<sup>6</sup> This amount is in addition to the prior referenced payment of \$12,000.00 on June 4, 2014.

<sup>7</sup> This amount is in addition to the prior referenced payment of \$1,200.00 on June 4, 2014.

- c. payments, based on information and belief, by Myers, totaling \$94.37 for food and drink, bearing no discernable business purpose.
34. By the close of business on June 20, 2014 – just seventeen days after MR1 invested \$125,000 in Skytec – Myers and Marg completely exhausted MR1’s funds.
35. To date, MR1 has not received all the interest payments or any return of the \$125,000 principal amount invested in Skytec.

### **Investment by Missouri Resident 2 (“MR2”)**

36. Madasz similarly re-connected via telephone with then seventy-six-year-old Independence, Missouri resident and MadaszConsulting client, MR2. MR2 originally met Madasz at a local church and had known Madasz for more than twenty years. MR2 trusted Madasz implicitly.
37. Following the death of MR2’s husband in August 2012, MR2 had cashed in some insurance policies on or around June 2014 – at the time, the most significant percentage of MR2’s net worth, not including her home – for approximately \$100,000.
38. Through his position as MR2’s financial planner, Madasz had intimate knowledge of MR2’s finances and knew about the imminent proceeds from the insurance policies. Madasz met with MR2 at her home in Independence, Missouri, to discuss plans for the funds and, on behalf and for the benefit of Skytec, recommended MR2 invest in Skytec.
39. During discussions with MR2 about investments in Skytec, Madasz never disclosed to MR2 that Madasz was actually a Skytec employee with the primary responsibility of raising capital for Skytec.
40. Madasz did not provide MR2 a copy of Skytec’s most recent financials or any company-related offering documentation, but did offer his comments that Skytec “would be a good investment for [MR2]” and that Madasz personally, along with other members of Madasz’s family, were already invested in Skytec.
41. On or around June 17, 2014, based solely on Madasz’s recommendation and advice, MR2 agreed to invest the insurance policy proceeds with Skytec. Based on information and belief, MR2 agreed to invest \$116,667 in Skytec.
42. At the time of MR2’s investment in Skytec, MR2 was retired, widowed, and living off her retirement savings and social security. MR2 was not an ‘accredited investor,’ as that term is defined in Regulation D.
43. A check of the records maintained by the Commissioner indicates that at all times relevant to this matter, there was no registration, granted exemption or notice filing in the State of Missouri indicating status as a “federal covered security” for the investment offered and sold to MR2.
44. At no time prior to the purchase of the investment had Madasz or anyone else from Skytec



disclosed the following material information to MR2:

- a. Madasz was an employee of Skytec, with a primary job responsibility to raise capital for Skytec;
  - b. Myers 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; or
  - c. there was no registration, granted exemption or notice filing in the State of Missouri indicating status as a “federal covered security” for the investment offered and sold to MR2.
45. A review of bank records from Skytec Account #9789 shows a deposit from MR2’s account at Bank of America on June 17, 2014, via Fedwire, for \$116,667, which became commingled with other funds already in the account.
46. A first-in-first-out (“FIFO”) analysis of Skytec Account #9789 shows, among other things, the following misappropriation of MR2’s funds:
- a. a June 18, 2014, payment of \$9,500<sup>8</sup> via check #10190, which Marg wrote out to himself, in partial repayment of his original purported \$150,000 equity investments in Skytec (for which Marg held a 49% equity ownership) and an affiliate of Skytec, Network Referral Systems LLC (for which Marg held a 50% equity ownership), that allegedly provided marketing services for Skytec;
  - b. a June 23, 2014, payment of \$5,000 to satisfy the debt accrued on the personal Citi AAdvantage MasterCard of Marg ending in #2990 (“Marg’s Citi AAdvantage MasterCard #2990”) that, according to an analysis of the card activity, paid for personal expenses such as, a purchase of \$39.47 in gasoline at Fry’s Fuel in Scottsdale, Arizona;
  - c. a June 30, 2014, payment of \$1,250 via check #10226 to MR1;<sup>9</sup> and
  - d. a July 7, 2014, payment of \$2,000 to Marg’s Citi AAdvantage MasterCard #2990 that, according to an analysis of the card activity, paid for personal expenses such as, a \$115 purchase of Lionel Ritchie concert tickets.
47. Further FIFO analysis of Skytec Account #9789 shows that Marg and Myers made a series of transfers from June 23, 2014, through July 22, 2014, involving a total of \$9,200 of MR2’s funds to Skytec’s Wells Fargo bank account ending in #3617 (“Skytec Account #3617”), which became commingled with other funds in the account. According to a FIFO analysis of Skytec Account #3617, MR2’s funds were misappropriated by Myers through personal purchases, like the following:

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<sup>8</sup> According to the analysis, \$8,183.74 of the total \$9,500.00 was sourced from MR2’s funds.

<sup>9</sup> Funds were debited from Skytec Account #9789 on July 8, 2014.

- a. \$37.39 in personal furnishings from Bungalow Furniture and Accessories in Scottsdale, Arizona;
  - b. \$367.85 purchase of tickets to the KCON Music Festival in Los Angeles, California;
  - c. \$50.00 in gasoline from Shell Oil, Scottsdale, Arizona;
  - d. \$59.00 in services from Massage Envy in the Pima Crossing Shopping Center in Scottsdale, Arizona;
  - e. \$49.95 in services from Hand & Stone Massage and Facial Spa in Scottsdale, Arizona; and
  - f. \$35.23 in food and drink at Butter's Pancake House in Scottsdale, Arizona.
48. To date, MR2 has not received all the interest payments or any return of the \$116,667 principal amount invested in Skytec.

#### **Investment by Missouri Residents 3 ("MR3") and 4 ("MR4")**

49. Based on information and belief, on October 8, 2013, Madasz met with then sixty-nine-year-old Warrensburg, Missouri resident and former insurance client of Madasz's, MR3, to raise capital for Jensen and Kucera's enterprise, Skytec Operations.<sup>10</sup> At the time, MR3, who co-owned and co-managed an automotive business in Overland Park, Kansas, declined to invest.
50. Based on information and belief, over the ensuing twelve months, from October 2013, to September 2014, as Madasz transitioned away from finding investors for Skytec Operations to becoming an employee of Skytec, Madasz maintained a dialogue with MR3 and, on behalf and for the benefit of Skytec, continued to recommend and encourage MR3 (as well as solicit other executives at MR3's automotive business) to invest in Skytec, but to no avail. Up until September 2014, even though Madasz managed to sell some insurance policies to certain executives at MR3's auto business, Madasz's efforts to convert MR3 or any of MR3's business partners into Skytec investors failed.
51. Then, on September 19, 2014, MR3 and his then sixty-nine-year-old spouse MR4 relented and decided to invest in Skytec.
52. Based on information and belief, Madasz presented MR3 and MR4 with investment documents to sign at MR3 and MR4's home in Warrensburg, Missouri.
53. MR3 and MR4 separately executed identical two-year unsecured promissory notes, investing \$31,100 and \$38,900, respectively, with Skytec. The promissory notes contained, among other things, the following terms:

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<sup>10</sup> See FN1.

- a. Skytec promises to pay to the promissory note holder a return of principal plus interest;
  - b. interest shall accrue from the date of this promissory note on the unpaid principal amount at an annual rate of ten percent (10%), compounded annually;
  - c. interest on the promissory note shall accrue but shall not be due and payable until maturity; and
  - d. the promissory note will mature on September 17, 2016.
54. At the top of the first page of the promissory notes, in all capital letters, was a Securities Act Disclosure.
55. Interestingly, although neither of the promissory notes purchased by MR3 and MR4 contained a conversion feature, the following reference to convertibility appears in Section 1 of both documents as an apparent result of careless editing of the template from which the promissory notes were drafted:
- Unless converted as provided in Section 2, this Note will automatically mature and be due and payable September 17, 2016.*
56. The promissory notes also contained the following limitation of liability:
- In no event shall any Member, officer or director of [Skytec] be liable for any amounts due or payable pursuant to this Note (“**Revised Limitation of Liability Language**”).*
57. Both promissory notes were countersigned by Marg as president of Skytec.
58. A check of the records maintained by the Commissioner indicates that at all times relevant to this matter, there was no registration, granted exemption or notice filing in the State of Missouri indicating status as a “federal covered security” for either of the promissory notes offered and sold to MR3 and MR4.
59. Based on information and belief, at no time prior to the purchase of the promissory notes offered and sold to MR3 and MR4 had Madasz, Marg, or anyone else from Skytec disclosed to MR3 and MR4 the following material information:
- a. that 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; and
  - 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 notes offered and sold to MR3 and MR4.

60. A review of bank records from Skytec Account #9789 shows two deposits received on October 2, 2014, via Fedwire, for \$31,100 and \$38,900, from the IRA accounts of MR3 and MR4, respectively, at Forge Trust, which became commingled with other funds already in the account.
61. A FIFO analysis of Skytec Account #9789 shows all \$31,100 of MR3's investment and \$8,727.55 of MR4's \$38,900 investment were withdrawn on October 14, 2014, and transferred to Robins for foreign currency trading.<sup>11</sup>
62. Regarding the remaining \$20,172.45 balance of MR4's investment, further analysis of Skytec Account #9789 shows a \$700 unexplained cash withdrawal by Myers on October 17, 2014.
63. Based on information and belief, at no time prior to the purchase of the promissory note had Madasz or anyone else from Skytec disclosed to MR3 and MR4 that their investment funds would be used as described above.
64. To date, neither MR3 nor MR4 has received any return of principal or interest on their investments in Skytec.

#### **Investment by Missouri Resident 5 ("MR5") and 6 ("MR6")**

65. In the fall of 2014, a retired Independence, Missouri, couple, MR5 and MR6, were introduced to Madasz by their newly assigned agent at American Equity Investment Life Insurance Company ("American Equity").
66. As a result of the introduction, MR5, for the benefit of MR5 and his wife MR6, became a client of MadaszConsulting. On November 12, 2014, MR5 executed a MadaszConsulting Agreement with Madasz. According to the terms of the MadaszConsulting Agreement, for a flat fee of \$4,000, MadaszConsulting was to provide MR5 with a variety of services, including but not limited to, "advice, information, judgment and knowledge" regarding income tax, trust planning, life insurance, and long-term care planning. Specifically, with respect to retirement planning, MadaszConsulting was to provide advice to MR5 on "[p]ossible use of a Qualified Plan to own IRA assets" and "[b]est use of [MR5's] current dollars." Further, the MadaszConsulting Agreement stated that the advice, information, judgment and knowledge of Madasz would be conveyed to MR5 through "written and/or oral recommendations..."
67. Leveraging off his knowledge of MR5 and MR6's financial portfolio as the couple's financial

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<sup>11</sup> Madasz's fund raising was so successful for Skytec in the months of September and October 2014 – raising more than \$600,000 from a combination of Missouri and non-Missouri investors – that the money was coming in faster than Skytec could deploy the funds in its business operations. As a consequence, Madasz, Myers, and Marg discussed beneficial temporary options for the excess funds until such time that the funds may be needed. In response to their discussion, Madasz introduced Myers and Marg to Robins. According to Madasz, Robins had the skill to generate sizeable profits for Skytec in the foreign currency ("FX") market by temporarily trading the money Skytec had raised from investors. To that end, Skytec executed two promissory notes with Robins, each authorizing payment of investor funds to trade in the FX market: the first promissory note was executed on October 3, 2014, for \$100,000 (the "Robins October Note"); the second note, which revised and superseded the October Note, was executed on November 7, 2014, for a total of \$250,000, which included the original \$100,000 associated with the October Note (the "Robins November Note"). Both notes were executed by Robins and, on behalf of Skytec, Myers.

planner, Madasz, on behalf and for the benefit of Skytec, solicited MR5 and MR6 to invest in Skytec. The solicitation took place at MR5 and MR6's home in Independence, Missouri.

68. Madasz described Skytec to MR5 and MR6 as "a good company to invest in." Madasz told MR5 and MR6 that he was chief financial officer of Skytec and that he was raising money to help the company grow.
69. Madasz provided no offering documents or any company-related materials describing Skytec's business, financials or executive management to MR5 or MR6. Neither MR5 nor MR6 had been introduced to or spoken with either Myers or Marg. Other than the couple's Internet search of Skytec, which merely confirmed for them that Skytec was an actual company in Arizona, MR5 and MR6's sole understanding of Skytec came from the brief comments Madasz made to them.
70. On January 20, 2015, while meeting with Madasz at MR5 and MR6's home in Independence, Missouri, then sixty-seven-year-old MR5 executed a three-year unsecured promissory note, investing \$120,000 of MR5 and MR6's joint life savings with Skytec. The promissory note contained, among other things, the following terms:
  - a. Skytec promises to pay to the promissory note holder a return of principal plus interest;
  - b. interest shall accrue from the date of this promissory note on the unpaid principal amount at an annual rate of ten percent (10%), paid monthly (\$1,000); and
  - c. the promissory note will mature on January 20, 2018.
71. Similar to the promissory notes purchased by previous investors, MR5's promissory note contained the following:
  - a. a Securities Act Disclosure;
  - b. an erroneous reference to convertibility in Section 1; and
  - c. Limitation of Liability Language.
72. The promissory note was countersigned by Myers as chief executive officer of Skytec.
73. A check of the records maintained by the Commissioner indicates that at all times relevant to this matter, 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 solicited and sold to MR5.
74. At no time prior to the purchase of the promissory note to MR5 had Madasz or anyone else from Skytec disclosed the following additional material information to MR5:
  - a. that Myers 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; and

- 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 offered and sold to MR5.
75. At the time of MR5’s investment in Skytec, MR5 was not an accredited investor as defined in Regulation D.
76. A review of bank records from Skytec Account #9789 shows a deposit of \$120,000 received on January 16, 2015, via check #32665 drawn from MR5 and MR6’s savings account at Bank Midwest, which became commingled with other funds in the account.
77. A FIFO analysis of Skytec Account #9789 shows the following misappropriation of MR5’s investment:
- a. a \$1,000 payment on January 21, 2015, to the Wells Fargo Business Secured MasterCard attached to Skytec Account #9789 and possessed by Myers (“Myers’s Business MasterCard”), which was bloated with personal, non-business-related expenses;
  - b. a \$68.54 payment on January 22, 2015, by Marg to the Department of Motor Vehicles in Scottsdale, AZ, for, based on information and belief, a license registration renewal;
  - c. a \$27.48 payment by Myers to Circle K in Scottsdale, Arizona, on January 23, 2015;
  - d. a \$48.59 payment, based on information and belief, by Myers to NYPD Pizza in Scottsdale, Arizona, on January 26, 2015;
  - e. a \$23.03 payment by Myers to The Ventura Clubhouse Grill in Scottsdale, Arizona, on January 28, 2015;
  - f. a transfer of \$600.00 on January 28, 2015, that included \$314.95 of MR5’s investment funds to Skytec Funding Account #0039, which was then transferred to Myers’ Personal Account #1477 and ultimately paid to Myer’s wife by check #2046;
  - g. a \$500 payment to MR5 on February 5, 2015;
  - h. a \$1,250 payment to MR1 on February 5, 2015;
  - i. another \$400.00 payment to Myers’s Business MasterCard on February 9, 2015;
  - j. a \$25.25 payment by Marg to Butters Pancakes & Cafe in Scottsdale, Arizona, on February 13, 2015; and
  - k. a \$26.38 payment by Myers to Arco gas station in Scottsdale, Arizona, on February 13, 2015.

78. To date, MR5 has not received all the interest payments or any return of the \$120,000 principal amount invested in Skytec.
79. After reviewing MR5 and MR6's qualified retirement accounts in his financial planner capacity as per the Madasz Consulting Agreement, Madasz, leveraged that information and, on behalf and for the benefit of Skytec, solicited MR5 and MR6 to make additional investments in Skytec. The solicitation took place at MR5 and MR6's home in Independence, Missouri.
80. On March 5, 2015, while paying a visit to MR5 and MR6 at their home in Independence, Madasz presented MR5 and MR6 with two additional and identical Skytec promissory notes to sign: one note, for MR5, was drafted for an investment in the amount of \$30,000; the other note, for MR6, was drafted for an investment in the amount of \$50,000. MR5 and MR6 signed the notes that day (the "March Promissory Notes").
81. At the time of the investment in the March Promissory Notes MR5 and MR6 were sixty-seven and sixty-four-years-old, respectively.
82. Each of the March Promissory Notes were to pay accrued interest to the noteholder once each year at a rate of ten percent (10%) of the principal amount of the investment. Also, similar to the promissory notes purchased by previous investors, each of the March Promissory Notes contained the following:
  - a. a Securities Act Disclosure;
  - b. an erroneous reference to convertibility in Section 1; and
  - c. Revised Limitation of Liability Language.
83. Each of the March Promissory Notes was countersigned by Myers as chief executive officer of Skytec.
84. A check of the records maintained by the Commissioner indicates that at all times relevant to this matter, there was no registration, granted exemption or notice filing in the State of Missouri indicating status as a "federal covered security" for the March Promissory Notes offered and sold to MR5 and MR6.
85. At no time prior to the purchase of the March Promissory Notes had Madasz or anyone else from Skytec disclosed the following additional material information to MR5 or MR6:
  - a. that Myers pled guilty to felony wire fraud in 2005 for which he was sentenced to five-months prison sentence at Leavenworth Prison Camp, fined \$50,000 and, upon release from prison, served three years supervised probation; or
  - 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 March Promissory Notes.

86. A review of bank records from Skytec Account #9789 shows separate deposits of \$30,000 and \$50,000 received on March 5, 2015, by wire transfers from MR5 and MR6's individual retirement accounts at Fremont Bank which become commingled with other funds in the account.
87. A FIFO analysis of Skytec Account #9789 shows the following misappropriation of MR5's \$30,000 investment:
- a. an \$850.00 payment on March 16, 2015, to Myers's Business MasterCard, which was bloated with personal, non-business-related expenses;
  - b. a \$28.83 payment by Marg to Sushi Brokers restaurant in Scottsdale, Arizona, on March 18, 2015; and
  - c. a \$7,000 finder's fee payment by wire transfer on March 19, 2015, to MR5's newly assigned agent at American Equity Investment Life Insurance Company as compensation for MR5 and MR6's investments in Skytec.
88. Additionally, on March 19, 2015, Myers transferred \$1,000 of MR5's funds from Skytec Account #9789 to Skytec Funding Account #0039, which becomes commingled in the account. A review of records from Skytec Funding Account #0039, shows, based on a FIFO analysis, the following transactions:
- a. a cash withdrawal in the amount of \$3,600 by Myers on April 3, 2015, that included \$965.05 of MR5's investment funds; and
  - b. a transfer of \$75.00, which included \$34.95 of MR5's funds, on April 6, 2015, to Myers' Personal Account #1477 that is ultimately paid to Myers' wife via check #2043 on April 6, 2015.
89. To date, MR5 has not received all the interest payments or any return of the \$30,000 principal amount invested in Skytec.
90. With respect to MR6's \$50,000 investment, a FIFO analysis of Skytec Account #9789 shows the following misappropriation of MR6's funds:
- a. a payment of \$962.50 on March 20, 2015, to an investor in Skytec Operations;<sup>12</sup>
  - b. a \$53.59 payment by Myers to Walgreens in Scottsdale, Arizona, on March 23, 2015;
  - c. a \$34.75 payment by Myers to Chevron in Phoenix, Arizona, on March 23, 2015;
  - d. an \$885 payment on March 24, 2015, to Marg's personal Discover credit card, which was bloated with personal, non-business-related expenses;

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<sup>12</sup> See FN1.



- e. a \$40.32 payment by Myers to Picazzo's Organic Italian Kitchen in Scottsdale, Arizona, on March 25, 2015;
  - f. a \$50.64 payment by Myers to Ling & Louie's Asian Bar and Grill in Scottsdale, Arizona, on March 26, 2015;
  - g. a \$30.06 payment by Myers to Butters Pancakes & Cafe in Scottsdale, Arizona, on March 27, 2015;
  - h. a \$39.00 payment by Marg to La Fonda Del Sol restaurant in Scottsdale, Arizona, on March 30, 2015;
  - i. a \$24.50 payment by Myers to Shell Oil in Scottsdale, Arizona, on March 30, 2015;
  - j. a \$23.22 payment by Myers to Butters Pancakes & Cafe in Scottsdale, Arizona, on March 31, 2015;
  - k. a \$21.32 payment by Myers to Butters Pancakes & Cafe in Scottsdale, Arizona, on April 2, 2015;
  - l. a \$1,000.00 payment by Myers to a law firm in Phoenix, Arizona, that, based on information and belief, had been engaged to represent Myers on a personal matter;
  - m. a \$43.70 payment by Myers to Houston's Restaurant in Scottsdale, Arizona, on April 6, 2015;
  - n. a \$37.50 payment by Myers to Butters Shell Oil in Scottsdale, Arizona, on April 6, 2015;
  - o. a payment of \$1,250.00 to MR1 on April 6, 2015; and
  - p. a payment of \$1,666.66 to MR5 on April 6, 2015.
91. To date, MR6 has not received all the interest payments or any return of the \$50,000 principal amount invested in Skytec.
92. Completely unaware of how their investment funds had been misappropriated as described above, MR5 and MR6, as a result of further advice and encouragement from Madasz, decided to invest another \$26,000 with Skytec in the fall of 2015. MR5 and MR6 made payment of this new investment to Skytec in the form of two separate cashier's checks, each in the amount of \$13,000 and drawn from MR5 and MR6's joint bank account at Bank Midwest.
93. For reasons not entirely clear, the parties, rather than execute a new promissory note for \$26,000, agreed to amend the amount of the original promissory note purchased by MR5 from \$120,000 to \$146,000.
94. Based on information and belief, the amended promissory note was presented to MR5 and MR6

by Madasz and also signed by MR5 and MR6 at their home in Independence, Missouri.

95. The language of the revised \$146,000 note is identical in all respects to the \$120,000 promissory note, including reference to the original January 20, 2018, maturity date, except that it modifies the principal amount of the investment from \$120,000 to \$146,000, increases the stated dollar amount of monthly interest from \$1,000 to \$1,217, and adds the following section:

**Amendment of Promissory Note Dated April 20, 2015** [sic]<sup>13</sup>

*Effective May 1<sup>st</sup> 2016, [MR5] transfer [sic] to his wife [MR6] all interests in this note. All other terms remain as agreed upon in original note.*

96. A check of the records maintained by the Commissioner indicates that at all times relevant to this matter, there was no registration, granted exemption or notice filing in the State of Missouri indicating status as a “federal covered security” for the amended \$146,000 promissory note offered and sold to MR5 and MR6.
97. At no time prior to MR5 and MR6’s additional \$26,000 investments had Madasz or anyone else from Skytec disclosed the following material information to MR5 or MR6:
- a. that Myers pled guilty to felony wire fraud in 2005 for which he was sentenced to five-months prison sentence at Leavenworth Prison Camp, fined \$50,000 and, upon release from prison, served three years supervised probation; and
  - 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 amended \$146,000 promissory note.
98. A review of bank records from Skytec Funding Account #0039 in which both MR5 and MR6’s \$13,000 cashier’s checks were deposited, shows a deposit of MR5’s \$13,000 on September 25, 2015, and a deposit of MR6’s \$13,000 on October 28, 2015.
99. A FIFO analysis of Skytec Funding Account #0039 shows, among other things, the following uses of MR5’s \$13,000 investment:
- a. a cash withdrawal in the amount of \$800, which included \$677.70 of MR5’s funds, by Myers on October 2, 2015;
  - b. a transfer of \$11,500, to Myers’ Personal Account #1477 on October 5, 2015; and
  - c. a second cash withdrawal in the amount of \$13,000, which included \$822.30 of MR5’s funds, by Marg on October 5, 2015.

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<sup>13</sup> Based on information and belief, the date as written is in error and should have reflected the date of the \$120,000 promissory note, which was “January 20, 2015.”

100. With respect to MR6's \$13,000 investment, a FIFO analysis of Skytec Funding Account #0039 shows, among other things, the following uses of MR6's funds:
  - a. a cash withdrawal in the amount of \$700 by Myers on November 2, 2015.
101. To date, neither MR5 nor MR6 have received all the interest payments or any return of the additional \$13,000 principal amounts they invested in Skytec.

### **Investment by Missouri Resident 7 ("MR7")**

102. MR7, a Lee's Summit, Missouri, resident, was referred to Madasz by MR7's Sunday school teacher after commenting about the need to consult with someone on personal financial matters such as, estate planning, life insurance, and retirement planning. MR7's Sunday school teacher was an acquaintance of Madasz's and was aware of Madasz's purported expertise in the subject matters on which MR7 was seeking consultation.
103. As a result of the introduction, MR7 ultimately executed a Madasz Consulting Agreement on November 12, 2014, and became a financial planning client of Madasz's.
104. Leveraging off his knowledge of MR7's financial portfolio in his capacity as MR7's financial planner, Madasz, on behalf and for the benefit of Skytec, solicited MR7 to invest in Skytec.
105. Madasz represented Skytec to MR7 as a company that sold and installed alarm and security systems.
106. To influence MR7's investment decision, Madasz falsely stated that he personally was an investor in Skytec and that "[Skytec is] an extremely safe company to invest in." To further entice MR7, Madasz specifically emphasized the high rate of interest – ten percent (10%) – being offered by Skytec on its promissory notes.
107. Other than Madasz, MR7 did not speak to any other member of Skytec management prior to investing and received no offering documents regarding Skytec.
108. On May 6, 2015, based solely on the recommendations made by Madasz, MR7 executed a \$400,000 three-year, ten percent (10%)<sup>14</sup> promissory note with Skytec. The promissory note also contained the following:
  - a. a Securities Act Disclosure;
  - b. an erroneous reference to convertibility in Section 1; and
  - c. Limitation of Liability Language.
109. The promissory note was countersigned by Myers as chief executive officer of Skytec.

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<sup>14</sup> According to the terms of MR7's \$400,000 Note, interest would accrue and be paid to the noteholder on an annual basis.

110. A check of the records maintained by the Commissioner indicates that at all times relevant to this matter, 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.
111. At no time prior to MR7’s investment in Skytec had Madasz or anyone else from Skytec disclosed the following additional material information to MR7:
- a. that Myers 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; or
  - 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.
112. A review of bank records from Skytec Account #9789 shows the deposit of \$400,000 received on May 8, 2015, by wire transfer from MR7’s IRA at Forge Trust, which became commingled with other funds in the account.
113. A FIFO analysis of Skytec Account #9789 shows the following misappropriation of MR7’s investment:
- a. a \$42.91 payment by Myers to Zipp’s Sports Grill in Scottsdale, Arizona, on May 11, 2015;
  - b. a \$41.28 payment by Myers to Shell Oil in Scottsdale, Arizona, on May 11, 2015;
  - c. a cash withdrawal in the amount of \$2,700 by Myers on May 12, 2015;
  - d. a \$2,213.40 on-line payment by Marg to pay Marg’s Citi AAdvantage MasterCard #2990 on May 12, 2015, which was bloated with personal, non-business-related expenses;
  - e. a \$2,000 on-line payment on May 14, 2015, to pay Myers’s Business MasterCard, which was bloated with personal, non-business-related expenses;
  - f. an interest payment of \$962.50 on May 15, 2015, to an investor in Skytec Operations;<sup>15</sup>
  - g. a \$1,000 payment to MR5 by wire transfer on May 20, 2015;
  - h. a \$59.80 payment by Myers to Wally’s American Pub & Grill in Phoenix, Arizona, on May 21, 2015;
  - i. a \$39.81 payment by Myers to Shell Oil in Scottsdale, Arizona, on May 21, 2015; and
  - j. a \$14,000 commission check (signed by Marg) to MR7’s Sunday school teacher in

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<sup>15</sup> See FN1.

- compensation for the sale of the promissory note to MR7;
- k. another on-line payment by Marg in the amount of \$318.99 to Marg's Citi AAdvantage MasterCard #2990 on June 2, 2015;
  - l. a \$39.82 payment by Myers to Arco gasoline station in Scottsdale, Arizona, on June 3, 2015; and
  - m. a \$1,250.00 payment, which included \$1,027.64 of MR7's investment funds, to MR1 on June 5, 2015.
114. Additionally, on May 15, 2015, Myers transferred \$1,200 of MR7's funds to Myers's Personal Account #1477, which was consumed by an assortment of personal expenses between May 19, 2015, and May 26, 2015.
115. Lastly, on May 11, 2015, and May 12, 2015, a total of \$282,000 of MR7's funds were transferred out of Account #9789 to Skytec Funding Account #0039. Of such funds transferred to Skytec Funding Account #0039, a total of \$275,000 was transferred to Robins on May 11, 2015 and May 12, 2015, and Myers made an unexplained cash withdrawal of \$9,500 on May 11, 2015, that included \$6,950.05 of MR7's investment funds.
116. At no time prior to MR7's investment in Skytec had Madasz or anyone else from Skytec disclosed to MR7 that his investment funds would be used for the purposes described above. In particular, Madasz had never mentioned the name "Robins" to MR7 or referenced subject of foreign currency trading at any time in his conversations with MR7 about investing in Skytec.
117. To date, MR7 has not received all the interest payments or any return of the \$400,000 principal amount invested in Skytec.
118. In early November 2015, MR7 received a call at his home from Madasz. The reason for Madasz's call was to invite MR7 to meet with Madasz at Madasz's office at the Kansas City chapter of the American Club Association, a private club to which Madasz was a member, to discuss MR7's personal finances as part of the financial planning services Madasz was providing to MR7 as per the MadaszConsulting Agreement executed in 2014.
119. At the meeting, Madasz addressed the remaining balance in MR7's IRA of approximately \$66,500. Madasz, on behalf and for the benefit of Skytec, then recommended MR7 invest the remaining balance in another Skytec promissory note.
120. On November 9, 2015, based solely on the recommendations made by Madasz, MR7 executed an additional \$66,500 three-year, ten percent (10%) promissory note with Skytec. The terms of the \$66,500 promissory note were identical to MR7's \$400,000 promissory note, and like the \$400,000 promissory note, contained the following:
- a. a Securities Act Disclosure;

- b. an erroneous reference to convertibility in Section 1; and
  - c. Limitation of Liability Language.
121. The promissory note was countersigned by Myers as chief executive officer of Skytec.
122. A check of the records maintained by the Commissioner indicates that at all times relevant to this matter, 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.
123. At no time prior to the execution of the promissory note had Madasz or anyone else from Skytec disclosed the following additional material information to MR7:
- a. that Myers 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; and
  - 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.
124. A review of bank records from Skytec Account #9789 shows the deposit of \$66,500 received on November 10, 2015, by wire transfer from MR7’s IRA at Forge Trust, which became commingled with other funds in the account.
125. A FIFO analysis of Skytec Account #9789 shows the following misappropriation of MR7’s \$66,500 investment:
- a. a \$294.00 on-line payment on November 10, 2015, to pay Myers’s Business MasterCard, which was bloated with personal, non-business-related expenses;
  - b. a cash withdrawal in the amount of \$500.00 by Myers on November 12, 2015;
  - c. a \$15.06 payment by Marg to Starbucks Coffee on November 16, 2015;
  - d. a \$36.31 payment by Marg to Twisted Root Parlor & Bar restaurant in Scottsdale, Arizona, on November 18, 2015; and
  - e. a \$20.54 payment by Marg to Red House Chinese Restaurant in Scottsdale, Arizona, on November 18, 2015.
126. Additionally, between November 10, 2015, and November 18, 2015, Myers transferred a total of \$1,675.33 of MR7’s funds to Myers’s Personal Account #1477. Once deposited in Myers’s Personal Account #1477, the funds were consumed, in part, by an assortment of personal expenses incurred between November 3, 2015,<sup>16</sup> and November 19, 2015, and, in part, through

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<sup>16</sup> The discrepancy between the deposit date of November 11, 2015, and usage date of funds beginning on November 2, 2015, is due to the negative balance in Myers’s Personal Account #1477 caused by overdrafts dating back to November 2,

the issuance of check #2001 that had been paid to Myers's wife.

127. Lastly, between November 10, 2015 and November 17, 2015, a total of \$27,764.60 of MR7's funds were transferred out of Account #9789 to the Wells Fargo bank account of National Marketing Company, LLC, dba Skytec Roofing LLC, ending in #8090 ("**Skytec Roofing Account #8090**") and used to operate a roofing business.
128. At no time prior to MR7's \$66,500 investment in Skytec had Madasz or anyone else from Skytec ever disclosed to MR7 that his investment funds may be deployed in operating a roofing business or used in any of the ways as described above.
129. To date, MR7 has not received all the interest payments or any return of the \$66,500 principal amount invested in Skytec.

### **Investment by Missouri Resident 8 ("MR8")**

130. Based on information and belief, Madasz reconnected with Belton, Missouri, resident, MR8, in May 2016.
131. MR8 had been an investor in one of Madasz's own businesses, DSM Enterprises, LLC, a year earlier on August 26, 2015.<sup>17</sup>
132. Madasz regularly visited with MR8 at her home in Belton, Missouri, and based on information and belief, first offered MR8 the investment in Skytec at her home in Belton, Missouri.
133. On or around June 1, 2016, Madasz, on behalf and for the benefit of Skytec, drove to MR8's place of employment in Kansas and presented the then sixty-eight-year-old MR8 with a two-year \$20,000 unsecured promissory note, in Skytec Service KC ("the Skytec KC Note")<sup>18</sup> to sign.
134. The Skytec KC Note, dated June 1, 2016, was signed by MR8 and countersigned by Myers.<sup>19</sup>
135. According to the terms of the Skytec KC Note,
  - a. the noteholder would earn twelve percent (12%) annual interest, payable monthly in the amount of \$200; and
  - b. the note would mature on June 1, 2018.

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2015, that were cured upon receipt of MR7's \$66,500 deposit.

<sup>17</sup> See AP-20-18, *In the Matter of Daniel Stephen Madasz, Sr., Madasz Consulting, LLC, and DSM Enterprises, LLC* (filed November 9, 2020)

<sup>18</sup> Although the weight of the evidence suggests that the actual issuer of the Skytec KC Note was, in fact, Skytec Service KC, the entity "Skytec Security Kansas City, LLC" is erroneously referenced as the counterparty to MR8 in the opening paragraph of the document and the signature block for Myers erroneously identifies Myers as the managing member of an unknown entity "SkyTec Services KC, LLC" (emphasis added). Both errors appear to be the result of sloppy editing of the template from which the Skytec KC Note was drafted.

<sup>19</sup> *Id.*

136. By Respondents' Madasz, Myers, and Skytec Service KC's own admission, the Skytec KC Note was – and was represented by such Respondents to MR8 as – a security, in that, included at the top of the first page of the note, in all capital letters, was a Securities Act Disclosure.
137. A check of the records maintained by the Commissioner indicates that at all times relevant to this matter, there was no registration, granted exemption or notice filing in the State of Missouri indicating status as a “federal covered security” for the Skytec KC Note.
138. MR8 tendered a personal check, which MR8 erroneously wrote out to “Sky Tec Services KC, LLC”, dated June 1, 2016, in the amount of \$20,000 (“Check #1534”).
139. A review of bank records from Skytec Service KC's bank account at Enterprise Bank ending in #8825 (“Skytec Service KC Account #8825”) shows the deposit of Check #1534 on July 5, 2016, which became commingled with other funds in the account.
140. Based on a FIFO analysis of Skytec Service KC Account #8825, \$19,927.95 of MR8's invested funds were transferred on July 11, 2016, to the Wells Fargo bank account of Skytec Roofing LLC ending in #1805 (“Skytec Roofing Account #1805”), which became commingled with other funds in the account.
141. A FIFO analysis of Skytec Roofing Account #1805 shows that of the \$19,927.95 transferred into that account, a total of \$7,025 was used to make two on-line payments to two of Marg's personal Citibank credit cards: \$4,125 was paid to card ending in #0787 on July 11, 2015 and \$2,900, which included \$2,679.99 of MR8's funds, was paid to card ending in #8244 on July 12, 2015.
142. With respect to the \$72.05 of MR8's funds remaining in Skytec Service KC Account #8825, a FIFO analysis shows that the funds were misappropriated, based on information and belief, by Madasz, as follows:
  - a. a payment of \$50.58 on July 14, 2016, to Buffalo Wild Wings in Overland Park, Kansas; and
  - b. a transfer of \$21.74 (as part of a total transfer of \$5,625) on July 21, 2016 to Skytec Roofing Account #1805.
143. To date, MR8 has not received all the interest payments or any return of the \$20,000 principal amount she invested in Skytec Service KC.

### **III. ORDER**

**NOW, THEREFORE**, it is hereby ordered that Respondents, their agents, employees and servants, and all other persons participating in or about to participate in the above-described violations with knowledge of this order be prohibited from violating or materially aiding in any violation of:

- A. Section 409.3-301, by offering or selling any securities as defined by Section 409.1- 102(28), in



the State of Missouri unless those securities are registered with the Securities Division of the Office of the Secretary of State in accordance with the provisions of Section 409.3-301; and

- B. Section 409.5-501, by, in connection with the offer or sale of securities, employing a device, scheme or artifice to defraud, making an untrue statement of a material fact or omitting 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 or engaging in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

#### **IV. STATEMENT**

Pursuant to Section 409.6-604, the Commissioner hereby states that he will determine whether to grant the Enforcement Section's requests for:

- A. \$480,000 against Respondents, joint and several, for twelve violations of Section 409.3-301, when, in each instance, all twelve of these violations were committed against an elderly person, in a final order, unless Respondents request a hearing and shows cause why the penalties should not be imposed;
- B. \$480,000 against Respondents, joint and several, for twelve violations of Section 409.5-501, when, in each instance, all twelve of these violations were committed against an elderly person, in a final order, unless Respondents request a hearing and shows cause why the penalties should not be imposed;
- C. an order requiring Respondents provide an accounting for those losses attributable to the alleged violations and an order to pay, jointly and severally, restitution plus annual interest at a rate of eight percent from the dates of the violations, for any loss, including the amount of any actual damages that may have been caused by the Respondents' conduct;
- D. an award of the costs of the investigation against Respondents in this proceeding, awarding an amount to be determined after review of evidence submitted by the Enforcement Section, unless Respondents request a hearing and show cause why an award should not be made; and
- E. an order that the Commissioner provides such other relief as he deems just unless Respondents request a hearing and show cause why the relief should not be imposed.

**SO ORDERED:**

WITNESS MY HAND AND OFFICIAL SEAL OF MY OFFICE AT JEFFERSON CITY,  
MISSOURI THIS 23rd DAY OF FEBRUARY, 2021.

JOHN R. ASHCROFT  
SECRETARY OF STATE



  
\_\_\_\_\_  
DAVID M. MINNICK  
COMMISSIONER OF SECURITIES



STATE OF MISSOURI  
OFFICE OF SECRETARY OF STATE

IN THE MATTER OF: )  
)  
JOHN D. MYERS; KENNETH D. MARG; )  
DANIEL S. MADASZ, SR.; )  
SKYTEC SECURITY SERVICES, LLC; and )  
SKYTEC SERVICE KC, LLC, )

Case No.: AP-21-02

*Respondents.* )  
)

Serve: Daniel S. Madasz, Sr. )  
c/o Anthony L. Gosserand )  
Van Osdol, PC )  
1000 Walnut Street, Suite 1500 )  
Kansas City, MO 64106 )  
[tgosserand@vanosdolkc.com](mailto:tgosserand@vanosdolkc.com) )

John D. Myers )  
6341 East Sunnyside Drive )  
Scottsdale, AZ 85254 )

Kenneth D. Marg )  
c/o Matt Kitzi )  
Armstrong Teasdale LLP )  
3405 West Truman Boulevard, Suite 210 )  
Jefferson City, MO 65109 )

Skytec Security Services, LLC )  
c/o United States Corporation Agents, Inc. )  
221 N Broad St., Suite 3A )  
Middletown, DE 19709 )

Skytec Service KC, LLC )  
8603 E Royal Palm Road )  
Scottsdale, AZ 85258 )

**NOTICE**

**TO: Respondents and any unnamed representatives aggrieved by this Order:**

You may request a hearing in this matter within thirty (30) days of receipt of this Order pursuant to Section 409.6-604(b), RSMo (2016), and 15 CSR 30-55.020. Any request for a hearing before the Commissioner must contain:

- a. a brief statement of the facts;
- b. a summary of the factual and legal issues involved;
- c. a request for relief;
- d. suggestions in support of the relief sought, including the relevant statutes;
- e. the name of the party requesting the hearing; and
- f. the name of the attorney representing the party, if any.

Within fifteen (15) days after receipt of a request in a record from a person or persons subject to the order, the Commissioner will schedule this matter for a hearing.

A request for a hearing must be mailed or delivered, in writing to:

**David M. Minnick, Commissioner of Securities**  
**Office of the Secretary of State, Missouri**  
**600 West Main Street, Room 229**  
**Jefferson City, MO 65102**

**CERTIFICATE OF SERVICE**

I hereby certify that on this 23<sup>rd</sup> day of February, 2021, a copy of the foregoing Order to Cease and Desist and Order to Show Cause Why Restitution, Civil Penalties, Costs, and Other Administrative Relief Should Not Be Imposed in the above styled case was **mailed via certified U.S. mail to:**

Daniel S. Madasz, Sr.  
c/o Anthony L. Gosserand  
Van Osdol, PC  
1000 Walnut Street, Suite 1500  
Kansas City, MO 64106  
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Laurie Dawson  
Securities Office Manager