



1 2. David Warren (“Warren”) is believed to be a Texas resident. During the period relevant to  
2 this Final Order, Warren was a Washington resident and was also known as David Apperson and as Hans  
3 W. Schnauber. Warren is Yofast, LP’s general partner.

4 Overview

5 3. Prior to 2005, Warren developed software known as Yofast, which functioned as a “search  
6 engine optimizer.” According to Warren, Yofast software caused a user’s website to appear on the first  
7 page of results generated by Internet search engines and helped improve a website’s visibility. Warren  
8 assigned the intellectual property rights associated with Yofast software to Yofast, LP.

9 4. Between approximately 2006 and 2008, Warren solicited several Washington residents to  
10 purchase limited partnership interests in Yofast, LP as described below. Warren also sold sales positions  
11 with Yofast, LP, to raise capital. According to Warren, the purchaser of these positions would earn  
12 commissions on sales of Yofast software, and could also earn commissions on software sold by other  
13 salespersons within their region or area.

14 Nature of the Offering

15 5. Between approximately 2006 and 2008, Warren sold approximately \$47,335 worth of Yofast,  
16 LP’s limited partnership interests to nine Washington investors. Warren told some investors that their funds  
17 would be used for unspecified start-up costs, while at least one investor was not given any disclosure  
18 regarding the use of investor proceeds. Investors typically made their investments through checks or money  
19 orders that were payable to either Warren or Yofast, LP.

20 6. As part of his solicitations, Warren demonstrated the Yofast software to investors. Warren  
21 told one investor that Yofast, LP was a “safe” and “foolproof” place to invest her funds. Warren claimed to  
22 at least one investor that Yofast, LP would partner with a company of Microsoft’s stature and that the  
23 company would later be worth \$3 billion. Warren guaranteed at least one investor that they would earn a  
24

1 “big” return within two to five years. Warren told at least one investor that Yofast, LP would make “more  
2 money” than the investor “could take a bath in.”

3 7. At least two investors did not receive any written documents prior to investing. Warren  
4 provided some investors with a document entitled “New Partner Agreement” (“NPA”) which described the  
5 issuance of limited partnership units to the investor. The NPA provided that the investor agreed to be bound  
6 by Yofast, LP’s limited partnership agreement (“LPA”) and identified Warren as the company’s general  
7 partner. The NPA also listed the other limited partners and the number of limited partnership units that they  
8 owned. Warren also provided some investors with a copy of the LPA, which stated that all management  
9 authority was vested in Warren, the general partner.

10 8. By January 2008, Warren informed at least one investor that Yofast, LP was nearing  
11 insolvency. The investments in limited partnership interests have not generated any returns for investors.

#### 12 Misrepresentations and Omissions

13 9. In the offer and sale of limited partnership interests described above, the Respondents failed  
14 to provide material information to investors about the offering, including but not limited to, financial  
15 statements for Yofast, LP, information regarding the company’s operating history, or the risks associated  
16 with purchasing limited partnership interests, including, but not limited to, the limited partnership interests’  
17 illiquidity, competition from makers of software similar to Yofast, and Yofast, LP’s undercapitalization and  
18 its potential effects on Yofast, LP’s operations including complete cessation of operations.

19 10. Respondents failed to disclose to at least one investor material information concerning how  
20 Yofast, LP would use the proceeds of its offering.

21 11. The Respondents did not disclose material information regarding Warren’s claims regarding  
22 future profitability and the claim that Yofast, LP’s value would increase to \$3 billion. The Respondents did  
23 not provide a reasonable basis for these claims or disclose the assumptions on which the claims were made.  
24

1 12. Warren represented to several offerees that he was a successful business man. However, the  
2 Respondents failed to disclose to investors that on or around May 19, 1997, Warren filed for Chapter 7  
3 bankruptcy with the United States Bankruptcy Court for the Western District of Washington under the name  
4 Hans Wayne Schnauber. Respondents further failed to disclose that in August 2006, Warren, under the  
5 name Hans Wayne Schnauber, consented to the entry of an Order to Cease and Assessing Civil Penalty that  
6 was issued by the Oregon Department of Consumer and Business Services for violations of the securities  
7 registration and salesperson registration sections of the Oregon Securities Law.

8 Registration Status

9 13. Yofast, LP is not currently registered to sell its securities in the State of Washington, has not  
10 previously been so registered, and has not filed a claim of exemption from registration.

11 14. David Warren is not currently registered as a securities salesperson or broker-dealer in the  
12 State of Washington and has not previously been so registered.

13 **CONCLUSIONS OF LAW**

14 Based upon the above Findings of Fact, the following Conclusions of Law are made:

- 15 1. The offer or sale of limited partnership interests described above constitutes the offer or sale of a  
16 security as defined at RCW 21.20.005(14) and (17).  
17  
18 2. The offer or sale of said securities is in violation of RCW 21.20.140 because no registration for such  
19 offer or sale is on file with the Securities Administrator.  
20  
21 3. David Warren has violated RCW 21.20.040 by offering or selling said securities while not registered  
22 as a securities salesperson or broker-dealer in the State of Washington.  
23  
24 4. The offers or sales of securities described above were made in violation of RCW 21.20.010 because,  
25 as set forth in the Findings of Fact, Respondents made misstatements of material facts or omitted to state

1 material facts necessary in order to make the statements made, in light of the circumstances under which  
2 they were made, not misleading.

3 **FINAL ORDER**

4 Based upon the foregoing and finding it in the public interest:

5 IT IS HEREBY ORDERED that the Respondents, Yofast, LP and David Warren, and their agents  
6 and employees each shall cease and desist from offering and/or selling securities in any manner in violation  
7 of RCW 21.20.140, the section of the Securities Act of Washington requiring registration of securities.

8 IT IS FURTHER ORDERED that the Respondents Yofast, LP and David Warren, and their agents  
9 and employees each shall cease and desist from violating RCW 21.20.010, the anti-fraud section of the  
10 Securities Act of Washington.

11 IT IS FURTHER ORDERED that the Respondent David Warren, and his agents and employees each  
12 shall cease and desist from violating RCW 21.20.040, the broker-dealer and securities salesperson  
13 registration section of the Securities Act of Washington.

14 IT IS FURTHER ORDERED that Respondents Yofast, LP and David Warren shall be jointly and  
15 severally liable for and shall pay investigative costs of not less than \$5,000.

16 IT IS FURTHER ORDERED that Respondents Yofast, LP and David Warren shall be jointly and  
17 severally liable for and shall pay a fine of \$10,000.

18 **AUTHORITY AND PROCEDURE**

19 This FINAL ORDER is entered pursuant to the provisions of RCW 21.20.390, and is subject to the  
20 provisions of RCW 21.20.120 and Chapter 34.05 RCW. Respondents have the right to petition the superior  
21 court for judicial review of this agency action under the provisions of Chapter 34.05 RCW. For the  
22 requirements for Judicial Review, see RCW 34.05.510 and sections following. Pursuant to RCW 21.20.395,  
23 a certified copy of this Order may be filed in Superior Court. If so filed, the clerk shall treat the Order in the  
24 same manner as a Superior Court judgment as to the fine, and the fine may be recorded, enforced, or  
25 satisfied in like manner.

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**WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

SIGNED and ENTERED this 8th day of February 2013.



William M. Beatty  
Securities Administrator

Approved by:

Presented by:



Suzanne Sarason  
Chief of Enforcement



Edward R. Thunen  
Enforcement Attorney

Reviewed by:



Robert Kondrat  
Financial Legal Examiner Supervisor