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**STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING  
Whether there has been a violation  
of the Securities Act of Washington by:  
  
GEOFFREY A. SCHRAMEK,  
  
Respondent.

SDO - 39 - 99

STATEMENT OF CHARGES AND NOTICE OF  
INTENTION TO ENTER ORDER TO CEASE  
AND DESIST

Case No: 96-02-0027

THE STATE OF WASHINGTON TO: Geoff A. Schramek  
14320 56th Avenue N.W.  
Gig Harbor, WA 98332

**STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondent Geoffrey A. Schramek has violated the Securities Act of Washington and that the violations justify the entry of an order of the Securities Administrator under RCW 21.20.390 to cease and desist from such violations. The Securities Administrator finds as follows:

**TENTATIVE FINDINGS OF FACT**

**I. RESPONDENT**

1. Respondent, Geoffrey A. Schramek ("Schramek"), resides at 14320 56<sup>th</sup> Avenue N.W., Gig Harbor, WA 98332. Schramek is not and never has been registered as a securities broker-dealer, or securities salesperson in the State of Washington.

STATEMENT OF CHARGES AND NOTICE OF  
INTENTION TO ENTER ORDER TO CEASE AND  
DESIST

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DEPARTMENT OF FINANCIAL INSTITUTIONS  
Securities Division  
PO Box 9033  
Olympia, WA 98507-9033  
360-902-8760

## II. NATURE OF OFFERING

2. During 1995 and 1996, Schramek solicited at least 10 Washington residents to invest in promissory notes that were issued by Laser Leasing, Inc. ("Laser Leasing"). Laser Leasing was purportedly in the business of leasing laser equipment to physicians around the world for surgical use.

3. Schramek told the Washington residents that the promissory notes would produce 20% annual interest for three years, with interest payments to be made payable in monthly installments.

4. Schramek told the Washington residents that repayment of their principal investment plus interest was guaranteed by New England International Surety, Inc.

5. At least four (4) Washington residents invested in the Laser Leasing promissory notes that were being offered by Schramek.

6. In 1997, Schramek solicited at least 5 Washington residents to invest in promissory notes that were issued by Capital Acquisitions, Inc. ("Capital Acquisitions"). Schramek told at least one Washington resident that Capital Acquisitions was in the business of acquiring dried-up oil wells and then rejuvenating such wells with special chemicals.

7. Schramek told at least one Washington resident that the promissory notes that were issued by Capital Acquisitions would yield a 100% return at the end of 3.5 years.

8. In May 1997, one Washington resident invested \$18,000 in the promissory notes that were issued by Capital Acquisitions. Subsequently, the investor received a promissory note which certified that the note would pay interest at 20% per annum and then pay the principal amount at the end of 36 months. The Washington investor has not received any interest payment to date.

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### III. MISREPRESENTATIONS AND OMISSIONS

9. With respect to the Capital Acquisitions offering, Schramek represented to a Washington resident that the promissory notes would yield a 100% return at the end of 3.5 years, when in fact, the notes promised only a 20% annual return for three years.

10. With respect to both offerings of Laser Leasing and Capital Acquisitions' promissory notes, Schramek failed to disclose the following: the risks specific to the offerings; the sales costs and commissions; the business history, officers, and financial status of Laser Leasing and Capital Acquisitions; and any material information regarding New England International Surety, Inc..

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### IV. PRIOR ACTIONS AGAINST LASER LEASING, CAPITAL ACQUISITIONS, AND PERSONS ACTING AS PRINCIPALS OF LASER LEASING AND CAPITAL ACQUISITIONS

11. In connection with the offering of the Laser Leasing notes, the Washington Securities Administrator entered a Summary Order to Cease and Desist on October 23, 1995, against Respondents Laser Leasing, Pete J. Buffo (president of Laser Leasing at the time of the Summary Order), The Somerset Group (the sales force in charge of the Laser Leasing note offering), and Clealon B. Mann (president of the Somerset Group). The Respondents requested an administrative hearing to contest the Securities Administrator's allegations, but later did not pursue their request.

12. Subsequently, in connection with the offering of the Capital Acquisitions notes, the Washington Securities Administrator entered a Summary Order to Cease and Desist on October 20, 1997, against Respondents Capital Acquisitions, Wayne C. Notwell (president of Capital Acquisitions), The Somerset Group (the sales force in charge of the Capital Acquisitions note offering), and Clealon B. Mann (president of the Somerset Group).

13. Peter J. Buffo was the president of Laser Leasing in 1995 and the president of Capital Acquisitions in 1996. Buffo has several prior convictions for securities fraud and theft, and in March

1999, he plead guilty to criminal securities fraud charges in connection with the Capital Acquisitions and Laser Leasing offerings.

### CONCLUSIONS OF LAW

Based upon the foregoing Tentative Findings of Fact, the following Conclusions of Law are made:

1. The solicitation of the promissory notes described above constitutes the offer and sale of a security as defined in RCW 21.20.005(10) and (12), to wit: notes; or risk capital.

2. The offer and sale of said securities was made in violation of RCW 21.20.010 because as set forth in the Findings of Fact above, Schramek made untrue statements of material fact, and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

3. The offer and/or sale of the promissory notes described above are in violation of RCW 21.20.140 because no registration for such offer is on file with the Securities Administrator of the State of Washington.

4. Geoffrey A. Schramek has violated RCW 21.20.040 by offering and selling securities while not registered as a securities salesperson or broker-dealer in the State of Washington.

### NOTICE OF INTENTION TO ORDER THE RESPONDENT TO CEASE AND DESIST

Based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order the Respondent, Geoffrey A. Schramek, and his agents and employees, to permanently cease and desist from violations of RCW 21.20.040, RCW 21.20.140, and RCW 21.20.010.

### AUTHORITY AND PROCEDURE

This STATEMENT OF CHARGES AND NOTICE OF INTENTION TO ENTER ORDER TO CEASE AND DESIST is entered pursuant to the provisions of RCW 21.20.390, and is subject to the

1 provisions of ch. 34.05 RCW. Respondent Geoffrey A. Schramek may make a written request for a hearing  
2 as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING  
3 accompanying this order. In the event that Respondent Geoffrey A. Schramek does not make a written  
4 request for a hearing as set forth in the Notice, the Securities Administrator will enter a permanent Final  
5 Order to Cease and Desist.

6 **CONTINUING INVESTIGATION**

7 The Securities Division is continuing to investigate the matters described herein to determine the use  
8 of the investors' funds and to identify additional investors, if any.

9 DATED this \_\_\_\_ day of June, 1999.

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12 \_\_\_\_\_  
13 DEBORAH R. BORTNER  
14 Securities Administrator

15 Approved by:

15 Presented by:

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17 \_\_\_\_\_  
18 Michael E. Stevenson  
19 Chief of Compliance

17 \_\_\_\_\_  
18 Paul S. Ocampo  
19 Staff Attorney