

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

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In the Matter of,

DAVID O. BRAEGER,  
BRAEGER FINANCE LLC  
f/k/a BRAEGER AUTO FINANCE  
GROUP LLC a/k/a BFG LLC,

SUMMARY ORDER TO CEASE AND  
DESIST, REVOKING EXEMPTIONS,  
IMPOSING RESTITUTION AND CIVIL  
PENALTIES, AND PERMANENT BAR

DFI Case No. S-229740 (EX)

Respondents.

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**I.**

The Administrator of the State of Wisconsin, Department of Financial Institutions, Division of Securities (“Division”), having legal authority and jurisdiction to administer and enforce the Wisconsin Uniform Securities Law, Wis. Stats. Ch. 551 (“Ch. 551”) and rules and orders promulgated thereunder, and having determined that this action is necessary and appropriate in the public interest and for the protection of investors, hereby enters this Order as follows:

**II.**

Division staff have presented evidence sufficient for the Administrator to make the following findings of fact and conclusions of law:

**A. Findings of Fact**

**Respondents**

1. David O. Braeger (“Braeger”) (CRD# 2137240) is an adult male with a last known address of 8016 N. Poplar Drive, Milwaukee, Wisconsin 53217. At all material times, Braeger was a managing member of Braeger Finance LLC and its Chief Executive Officer. From 1992 through 2014, Braeger had been a securities agent with a number of securities firms until he voluntarily left the industry.
2. Braeger Finance LLC f/k/a Braeger Auto Finance Group, LLC a/k/a BFG LLC (“Braeger Finance”) is a Wisconsin limited liability company organized in January 2013 with a last known address of 8016 N. Poplar Drive, Milwaukee, WI 53217. Effective March 7, 2014, Braeger Financial Group LLC, a Wisconsin limited liability company organized in December 2012, merged with Braeger Auto Finance Group, LLC, the surviving entity. Effective September 25, 2015, Chief Operating Officer Gary Bakker filed an amendment with DFI to change the name of the company from Braeger Auto Finance Group, LLC to Braeger Finance LLC. Braeger Finance is manager-managed

by manager-members Braeger and Bakker. Braeger also refers to Braeger Finance as BFG LLC and Braeger's attorneys have indicated in writing to the Division that BFG LLC is Braeger Finance.

## **Conduct**

3. On July 20, 2016, the Financial Industry Regulatory Authority ("FINRA") filed a Disciplinary Proceeding against Braeger personally for misuse and conversion of customer funds and for misrepresentations to customers while he was registered through a FINRA member firm.
4. On December 27, 2017, FINRA's Hearing Panel issued a decision, which determined that Braeger misused and converted his customers' investment funds and made repeated misrepresentations over a number of years to his customers regarding the value and status of their investment and the reasons they could not recover their money. For this misconduct, Braeger is permanently barred from association with any FINRA member in any capacity.
5. On December 16, 2019, the National Adjudicatory Counsel of FINRA affirmed the Hearing Panel's decision against Braeger.

## ***Braeger Finance***

6. In 2013, Braeger and Gary Bakker created Braeger Finance, an independent automobile dealer finance company, which pooled and used investor monies primarily to make loans to independent auto dealers and/or their respective credit facilities in exchange for promissory notes. Investors were to receive payments of interest and principal for their investments from the revenues generated by the promissory notes with auto dealer credit facilities.
7. Beginning in February 2013 through about October 2018, Braeger and Braeger Finance offered, sold, converted, and/or renewed Series A convertible preferred units, debentures, and renewable notes, under an exemption to registration under Rule 506 of Regulation D<sup>1</sup>, to approximately 58 sophisticated and accredited persons nationwide, including four Wisconsin investors, obtaining approximately **\$16,336,902.45** in principal from those investors.<sup>2</sup> Notes generally promised investors quarterly returns of between eight (8%) and eighteen (18%) percent annually for the duration of approximately three to five years. Pursuant to Wis. Stats. §§ 551.102(28) and 551.102(28)(e), notes, debentures and limited liability company units are specifically enumerated in the definition of a security.

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<sup>1</sup> On or about 2/25/2013, David Braeger on behalf of Braeger Auto Finance Group LLC signed a Form D Notice of Exempt Offering Securities filing with the U.S. Securities and Exchange Commission. The document was amended on 8/12/2013 and 5/28/2014.

<sup>2</sup> One of the investors of Braeger Finance was Blue Star Automotive Fund LP, a Nevada limited partnership organized in 2017 of which Braeger was a general partner. Blue Star invested \$1,067,928 in Braeger Finance for the purpose of funding loans to auto dealers.

8. During that same period, Braeger and Braeger Finance loaned approximately \$15,913,495 to 16 independent auto dealers and/or their respective credit facilities in the form of promissory notes.
9. In 2013 and 2014, Braeger received three personal loans in the aggregate amount of \$92,150 from a dealership and credit facility that were borrowers of Braeger Finance. These personal loans created a conflict of interest with Braeger Finance investors, which was not disclosed to the investors.
10. Beginning in October 2013, Braeger began taking personal loans from Braeger Finance at 8% interest which was reduced to 0%. By May 1, 2018, Braeger owed Braeger Finance \$229,000 for personal loans he received and had only paid back \$800. On May 17, 2018, Braeger wired \$50,000 from a Blue Star bank account to Braeger Finance to pay down his personal loan. However, these funds were sourced from Blue Star investor, JP.
11. In 2015 and 2016, Braeger Finance discharged bad debt of auto dealer receivables without disclosing the write off to any investors.
12. In 2016, Braeger and Braeger Finance used Company funds to loan \$450,000 to Arque Orion Winter Skies, Ltd. (“Arque Orion”). Arque Orion is not involved in the automobile industry and is owned and controlled by a friend of Braeger. The loan to Arque Orion was not disclosed to the Braeger Finance investors.
13. In or about August 2016, a dealership conglomerate that comprised approximately 70% of Braeger Finance’s portfolio stopped making interest payments. On December 5, 2016, Braeger Finance entered into a forbearance agreement with the dealership conglomerate with respect to \$7,015,000 in loans plus interest. In July 2018, Braeger Finance sold the note receivables for this debt to PrimaLend Capital Partners, LP for \$576,000, or about 7% of the total outstanding principal and interest of the notes. Neither the forbearance agreement nor the sale of the notes to PrimaLend was disclosed to investors.
14. Effective March 1, 2017, Braeger Finance refinanced and increased the interest rate on 25 of its outstanding investor notes. Among other things, investors were also offered an extra 1% rate of return for increasing a note’s principal by at least \$50,000. Investors contributed an additional \$351,000 to obtain the additional 1% interest on their notes.
15. In the spring of 2017, Braeger Finance sent to investors an updated Braeger Finance PPM dated May 1, 2017 (“5/1/17 PPM”), and an affirmation letter for investors to sign.
16. Braeger and Braeger Finance did not disclose in the 5/1/17 PPM that the majority of its notes receivable were concentrated in one dealership conglomerate that had defaulted on its notes and was in a forbearance agreement with Braeger Finance. They also did not disclose that Braeger Finance was subordinated to PrimaLend with respect

to the dealership conglomerate. They also did not disclose the FINRA disciplinary proceeding that had been filed against Braeger.

17. Braeger Finance made its final loan to an auto dealer on or about February 23, 2018. Between March 2018 and May 2, 2018, Braeger Finance solicited and accepted an aggregate of \$240,000 from three investors via wire transfer. None of these funds were used to make loans to auto dealers or their respective credit facilities.
18. On June 30, 2018, Braeger Finance defaulted on its obligations by failing to pay Investor SM his principal of \$300,000.
19. In October of 2018, Braeger Finance paid its last quarterly interest payments to investors using, in part, Blue Star revenues from Onyx Motorsports and investor monies from Blue Star, a separate auto dealer finance business created and controlled by Braeger.

#### *The Braeger Finance Offering*

20. In 2013, Braeger Finance created and circulated to prospective investors Confidential Private Offering Memoranda (referred to herein as a “PPM”) offering investors renewable notes in Braeger Finance. Braeger Finance also created and circulated to prospective investors directly and indirectly a two-page marketing “Summary Sheet” and an investor PowerPoint presentation.
21. The Braeger Finance securities were sold under a federal exemption from registration under Rule 506 of Regulation D. Braeger filed a Form D Notice of Exempt Offering of Securities with the SEC on February 25, 2013, August 12, 2013, and May 28, 2014.
22. The 2013 PPM described the investment opportunity as follows:

“We provide investors with the opportunity to indirectly fund auto dealer finance companies and indirectly purchase auto loan pools on the secondary market. Our Notes are dependent for payment on the payments we receive from those auto dealer finance company borrowers’ loans and by the payments from the auto loan pools we may purchase. Holders of the Notes do not have a security interest in the corresponding auto dealer loans or the proceeds of those corresponding auto dealer loans, or in any other assets of the Company, including auto loan pools purchased.”

“Unlike some other Private Placement offerings, Braeger Auto Finance Group LLC distributions to investors come solely from payments received from borrowers or from the purchase and sale of auto dealer loan portfolios. The Company does not use investor monies as a direct source of funds for interest payments to other investors.”

“The auto dealer loans and any loan pools we may purchase and sell, both of which we will call ‘loans’ are obligations of individual borrowers. Each loan to auto dealers is originated through our diligence and funded at closing. We invest in loans backed by the auto dealer receivables and the collateral of the borrower’s portfolio of notes. The corresponding Notes have terms of three (3), four (4) or five (5) years.”

23. The 2013 PPM further stated with respect to diversification of risk:

“To promote diversification of assets to reduce risk, we will limit total loans to any single borrower to 30% of capital raised. A logical exception to this percentage limit is our first borrower client, which will comprise 100% of the loan volume until sufficient capital is raised to seek additional borrowers.”

24. Under the Risk Factor section of the 2013 PPM, Braege Finance represented:

“If a borrower fails to make any payments on the loan that may relate to your Note, you will not receive any payments on your Note.”

“The Notes will not represent an obligation of borrowers or any other party except the Company, and are special, limited obligations of the Company. The Notes are not guaranteed or insured by any governmental agency, instrumentality or any third party. However, upon the occurrence of any event of default by the auto dealer (subject to any required notice and any applicable grace period), the Company may, by written notice to the dealer, declare all or any portion of the unpaid principal amount due to the Company, together with all accrued interest thereon, immediately due and payable. Dealers will be required to sell the amount of commercial paper within in a 30 day period of time on the secondary market to cover the outstanding principal and interest on the loan made by the Company. If, after that 30 day period of time, the dealer is not able to sell the enough commercial paper, the Company has the right to obtain to the necessary amount of commercial paper necessary to cover the outstanding principal and interest on the loan.”

25. In a fact summary sheet distributed to investors, Braege Finance referred to its right to a defaulting dealer’s commercial paper as a portfolio claw-back provision.

26. In addition to claw-back provisions, the 2013 PPM indicated investors were protected by a Reserve Fund:

“The Company will establish a segregated fund on the books of the Company for the benefit of the Notes holders to be used as a Reserve Fund for the Notes (the “Reserve Fund”). Should the makers of the Notes delay or default on the interest or principal payments due to the affected Note holders, any Reserve Fund payments made to the affected Note holders shall be applied to the payment of the interest or the redemption of the Notes on a pro rata basis.”

#### ***Misrepresentations to Braege Finance Investors***

27. Braege and Braege Finance created the PPM and produced written solicitation materials, emails, and other documentation to solicit potential investors. To induce investors to purchase Braege Finance promissory notes and other securities, these written materials contained false statements of material facts and omissions of material facts.

28. The written materials falsely represented that Braege Finance would offer loans only to finance dealer credit facilities or to finance dealer floor planning. In fact, Braege

Finance provided personal loans to Braeger (at 0% interest) and non-dealer loans to Arque Orion.

29. The 2013 PPM falsely stated Braeger Finance would promote diversification to reduce risk by limiting total loans to any single borrower to 30% of capital raised. In fact, one dealer comprised about 70% of capital raised in 2015 and 55% of capital raised in 2016.
30. The Braeger Finance PPM failed to disclose the July 20, 2016 FINRA Disciplinary Proceeding.
31. Between 2015-2018, the Braeger Finance auto dealer loans experienced defaults. In December 2016, Braeger Finance entered into a forbearance agreement with one dealer conglomerate who represented at least 70% of Braeger Finance's notes receivable due from borrowers, and for which Braeger Finance was subordinated to PrimaLend. However, Braeger and Braeger Finance did not disclose to investors that the car dealerships/credit facilities were defaulting on their loans, that Braeger Finance had entered into a forbearance agreement with the largest dealer conglomerate in its portfolio, and that it was in a subordinate position with respect to that dealership. To the contrary, effective March 1, 2017, Braeger Finance refinanced and increased the interest rate on 25 of its outstanding investor notes. Further, investors who contributed at least an additional \$50,000 principal obtained an additional 1% rate of return. Investors contributed an additional \$351,000 to obtain the additional 1% interest on their notes—without receiving any knowledge of the auto dealer defaults and the forbearance agreement. The auto dealer defaults and forbearance agreement were material facts that investors would reasonably have wanted to know when deciding whether to extend their notes or add more capital to their investment.
32. In 2017, to entice investors to extend their notes or add more capital to their investment, Braeger claimed to be negotiating a financing deal with GlobalMex, LLC, and to “have received a \$10 million dollar line from the founding family of Bimbo Bakeries, the largest bakery in the world that owns Sara Lee....” Braeger also claimed to be creating a “syndication with The Jones’ family office.”
33. In fact, GlobalMex LLC did not issue a line of credit to Braeger or any of his affiliated businesses. The Jones Family and The Dallas Cowboys did not engage in any discussions with Braeger or Braeger Finance.
34. Effective May 1, 2017, Braeger Finance issued a revised PPM to current and prospective investors. According to Braeger, the revised 2017 PPM had three changes: shorter maturity for notes for investors; restructuring dealer notes to pay principal and interest for each payment rather than using balloon notes; and changing the business model to only financing floor planning rather than dealer credit facilities.
35. Investors received this May 1, 2017 version of the PPM only *after* they had agreed to extend their notes effective March 1, 2017 and/or added additional principal to their investment. In any event, nowhere in the May 1, 2017 version of the PPM did Braeger

and Braeger Finance disclose that Braeger Finance had entered into a forbearance agreement in December 2016 with the largest dealer conglomerate in its portfolio, and that it was in a subordinate position with respect to that dealership.

***Braeger's Misuse of Braeger Finance Funds***

36. Braeger misappropriated Company funds for Braeger's own personal use and for purposes unrelated to Braeger Finance.
37. On or about October 24, 2017, Braeger used \$25,378 from the Braeger Finance PNC account to purchase a 2002 Porsche 911. On February 24, 2020, Braeger sold the Porsche 911 for \$13,000 and deposited the funds into a BMO bank account in the name of Dead Space LLC, for which Braeger is the sole signatory.
38. In February 2017, Braeger Finance paid at least \$20,000 to settle a litigation matter unrelated to Braeger Finance. These funds were used as a settlement in a personal matter associated with David Braeger.
39. From October 2016 to December 2020, Braeger diverted payments from Braeger Finance's auto dealer borrowers and Arque Orion (a non-auto dealer) to Blue Star and to shell companies Braeger owned and controlled in the aggregate amount of \$378,748.22. Those shell companies include Private Equity Ventures LLC ("PEV"), DOB Holdings LLC, BAFG LLC, and Dead Space LLC.
40. Part of the \$378,748.22 diverted includes \$175,000 that Braeger Finance received as settlement against an auto dealer.<sup>3</sup> These funds were almost fully depleted within three months by Braeger, for his personal expenses, Silver Spring House restaurant expenses, and other expenses unrelated to Braeger Finance.
41. Part of the \$378,748.22 diverted includes Badger Auto's payments of \$26,107.44 to Blue Star, \$11,500 to PEV, and \$12,013.43 to Dead Space, per Braeger's instructions without any explanation of why the diversion of funds from Braeger Finance was appropriate.
42. In fact, between October 2016 and June 2017, Braeger diverted a total of \$81,500 of payments from auto dealer borrowers to his shell company, PEV.
43. In October 2018, Braeger and Braeger Finance made its final interest payments to Braeger Finance investors, which was sourced in part from Blue Star investment funds and Blue Star revenues because Braeger Finance did not have sufficient revenues or reserves to meet its payment obligations.

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<sup>3</sup> See Braeger Finance v. Peter Colla, Milwaukee County Cir. Ct. Case No. 2018CV1954.

## **B. Conclusions of Law**

### **Legal Authority and Jurisdiction**

44. The Administrator has legal authority and jurisdiction over the conduct described above, pursuant to Wis. Stats. Ch. 551 and the rules and orders promulgated thereunder.
45. The Braeger Finance promissory notes, debentures and limited liability company units are securities under Wis. Stat. § 551.102(28). The Braeger Finance promissory notes are also investment contract securities under Wis. Stat. § 551.102(28).
46. Pursuant to Wis. Stat. § 551.501(1) and Wis. Admin. Code § DFI-Sec 6.01, it is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly, to employ a device, scheme, or artifice to defraud.
47. Pursuant to Wis. Stat. § 551.501(2), it is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly, to make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.
48. Pursuant to Wis. Stat. § 551.501(3), it is unlawful for a person, in connection with the offer, sale, or purchase of security, directly or indirectly, to engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

### **Violations**

49. Through the conduct described above, Braeger and Braeger Finance violated Wis. Stat. § 551.501(1) when in connection with the offer, sale, or purchase of a security, they employed a device, scheme, or artifice to defraud investors by using Braeger Finance funds contrary to the purposes specified in the Braeger Finance PPMs and other written materials and not reasonably related to the business of Braeger Finance as described in the PPMs and other written materials provided to investors.
50. Through the conduct described above, Braeger and Braeger Finance violated Wis. Stat. § 551.501(2) when in connection with the offer, sale, or purchase of a security, they made misrepresentations of material facts to investors, including but not limited to: misrepresenting the diversification of risk of dealer notes; misrepresenting that only auto dealers and/or their credit facilities would receive loans when in fact Braeger Finance made loans to a non-auto dealer and to Braeger personally; and claiming negotiations with the Jones family and The Dallas Cowboys that did not actually occur.

51. Through the conduct described above, Braege and Braege Finance violated Wis. Stat. § 551.501(2) when in connection with the offer, sale, or purchase of a security, they omitted to state material facts to investors, including but not limited to, failing to inform them of: the FINRA disciplinary proceeding filed against Braege and the final hearing decision finding the misuse and conversion of customer funds; a series of auto loan defaults and the forbearance agreement of the largest dealer conglomerate in its portfolio; the subordination of the majority of the Braege Finance auto loans to PrimaLend; the purchase of a personal vehicle for Braege using Braege Finance funds; Braege's taking personal loans from auto dealer borrowers; and the diversion of Braege Finance funds to entities owned and controlled by Braege.
52. Through the conduct described above, Braege and Braege Finance violated Wis. Stat. § 551.501(3) when in connection with the offer, sale or purchase of a security, they engaged in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person, including but not limited to, misusing and diverting Braege Finance funds by taking personal loans, purchasing an auto for his personal use, using Braege Finance funds for legal fees unrelated to Braege Finance, diverting payments from auto dealer borrowers to entities owned and controlled by Braege, diverting \$175,000 from a judgment awarded to Braege Finance to an entity that Braege owned and controlled, and making Ponzi-like payments of interest to Braege Finance investors by using funds sourced from investor Blue Star.

### III.

In view of the above findings of fact and conclusions of law, the Administrator deems it necessary and appropriate in the public interest and for the protection of investors, and pursuant to its legal authority and jurisdiction under Ch. 551, to wit Wis. Stat. § 551.604, to issue the following order and notices:

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

- (a) IT IS ORDERED summarily that RESPONDENTS, their agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of any RESPONDENT, shall cease and desist from making or causing to be made to any person or entity in Wisconsin, or from Wisconsin to any person or entity outside this state, any further offers or sales of securities unless and until such securities qualify as covered securities, or are registered under Ch. 551 or successor statute, pursuant to Wis. Stat. §§ 551.604(1)(a) and (2).
- (b) IT IS FURTHER ORDERED summarily that all exemptions from registration set forth at Ch. 551 or successor statute that might otherwise apply to any offer or sale of any security of or by any of the RESPONDENTS, their agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of any RESPONDENT, are hereby revoked, pursuant to Wis. Stats. §§ 551.604(1)(b) and (2).

- (c) IT IS FURTHER ORDERED summarily that all exemptions from registration set forth in Wis. Stat. §§ 551.201 and 551.202 that may otherwise apply to a specific security, transaction or offer of or by any RESPONDENT, their agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of any RESPONDENT, are hereby revoked, pursuant to Wis. Stats. §§ 551.604(1)(c) and (2).
- (d) IT IS FURTHER ORDERED summarily that RESPONDENTS, their successors, affiliates, controlling persons, officers, agents, servants, employees and every entity and person directly or indirectly controlled or hereafter organized by or on behalf of any RESPONDENT, are prohibited from violating Wis. Stat. § 551.501 or successor statute.
- (e) IT IS FURTHER ORDERED summarily that RESPONDENTS, their successors, affiliates, controlling persons, officers, agents, servants, employees, and every entity and person directly or indirectly controlled or hereafter organized by or on behalf of either RESPONDENT, are prohibited from violating Ch. 551 or successor statute that might otherwise apply to any offer or sale of a security of or by RESPONDENTS.
- (f) IT IS FURTHER ORDERED that DAVID O. BRAEGER is permanently barred from future registration with the Division in any capacity pursuant to Wis. Stat. § 551.412(3).
- (g) PLEASE TAKE NOTICE that the summary orders of the Administrator are effective as of the issuance of this order, pursuant to Wis. Stat. § 551.604(2)

## B. Proposed Orders

- (h) IT IS PROPOSED that an order be issued against DAVID O. BRAEGER to pay restitution in the amount of **\$16,336,902.45** to the investors identified in **Exhibit 1**, with interest on such amounts at the legal rate under Wis. Stat. § 138.04 starting from the date of each transaction and through the date of satisfaction, pursuant to Wis. Stat. § 551.604(4m), less any principal or interest paid to an investor prior to the date of this order. David O. Braege shall use bank or accounting records to substantiate all principal and interest payments he claims should reduce the amount of restitution owed under this order. David O. Braege shall pay restitution within 30 calendar days of the issuance of this order and provide the Division with proof of the restitution payments and supporting bank or audited accounting records by no later than 30 days after restitution has been paid.
- (i) IT IS FURTHER PROPOSED that an order be issued imposing a civil penalty against DAVID O. BRAEGER in the form of an administrative assessment totaling **\$25,000** pursuant to Wis. Stat. § 551.604(4m). Such payment shall be made payable to the Wisconsin Department of Financial Institutions and shall be remitted to the Division no later than 60 calendar days from the date of the issuance of this Order.

(j) IT IS FURTHER PROPOSED that an order be issued imposing the actual costs of the investigation or proceeding pursuant to Wis. Stat. § 551.604(5) against DAVID O. BRAEGER.

**C. Service of Order**

(k) IT IS FURTHER ORDERED that this order shall be sent promptly by certified mail to each party named in the order at his or her last known address or to the party's attorney of record, or shall be personally served upon the party or the party's attorney of record, pursuant to Wis. Admin. Code § DFI-Sec. 8.06. This order shall also be served upon the office of the administrator pursuant to Wis. Stat. § 551.611.

(l) PLEASE TAKE NOTICE that if service is by certified mail, the date of the service of this order is the date it is placed in the mail. If service is by personal service, the date of the service of this order is the date personal service is completed.

(m) PLEASE TAKE NOTICE that any willful violation of an Order issued by the Division under Ch. 551 is a criminal offense punishable under the provision of Wis. Stat. § 551.508.

**D. Notice of Hearing Rights**

(n) PLEASE TAKE NOTICE that you have the right to request a hearing, pursuant to Wis. Stat. § 551.604(2). Every request for a hearing shall be in the form of a written petition filed with the Division, pursuant to Wis. Admin. Code § DFI-Sec. 8.01 and Wis. Stat. § 227.42. A petition for a hearing to review the order shall:

(1) Plainly admit or deny each specific allegation, finding or conclusion in the order and incorporated papers. However, if the petitioner lacks sufficient knowledge or information to permit such an admission or denial, the petition shall so state, and that statement shall have the effect of a denial; and

(2) State all affirmative defenses. Affirmative defenses not raised in the request for hearing may be deemed waived.

(o) PLEASE TAKE FURTHER NOTICE that you may file your written petition:

(1) By mailing the written petition to:  
Division of Securities  
Wisconsin Department of Financial Institutions  
P.O. Box 1768  
Madison, Wisconsin 53701-1768

(2) By delivering the written petition in person to:  
Division of Securities  
Wisconsin Department of Financial Institutions  
4822 Madison Yards Way, North Tower, 4th Floor

Madison, Wisconsin 53705

(3) By faxing the written petition to (608) 264-7979

(p) PLEASE TAKE FURTHER NOTICE that the petition for hearing must be filed with the Division. Pursuant to Wis. Stat. § 551.102(8), "filing" means "receipt." Therefore, a petition is not "filed" with the Division until it is actually "received" by the Division. If the Division does not receive your written petition before midnight on the 30th day after the date of service of this order, your right to a hearing will be waived and the Summary Order shall become final by operation of law.

(q) PLEASE TAKE FURTHER NOTICE that if you do not request a hearing and none is ordered by the Administrator within 30 days after the date of service of this order, the findings of fact, conclusions of law, and summary orders and proposed final orders, including the imposition of a civil penalty, costs and requirement for payment of restitution and interest sought in a statement in the order, become final by operation of law, pursuant to Wis. Stat. § 551.604(2).

(r) PLEASE TAKE FURTHER NOTICE that, within 15 days after the Division's receipt of a written request for a hearing from you, the matter will be scheduled for a hearing or other public administrative proceedings, pursuant to Wis. Stats. §§ 551.604(2) and (3).

#### **E. Notifications**

(s) PLEASE TAKE FURTHER NOTICE violations of this Order, once final, may be enforced by any investor, or by the Division pursuant to Wis. Stat. § 551.604(7) whether acting in its own right or on behalf of the investor, by petitioning any court of competent jurisdiction to enforce the terms of the order.

(t) PLEASE TAKE FURTHER NOTICE failure to provide a copy of this Order to prospective investors may be a material misrepresentation in violation of Ch. 551 and this order.

(u) PLEASE TAKE FURTHER NOTICE that this Order is effective on the date it is issued. DAVID O. BRAEGER is advised that any willful violation of an Order issued by the Division under Ch. 551 is a criminal offense punishable under the provisions of Wis. Stat. § 551.508.

EXECUTED at Madison, Wisconsin, and effective on this 20<sup>th</sup> day of December, 2022.



A handwritten signature in black ink that reads "Leslie M. Van Buskirk".

Leslie M. Van Buskirk  
Administrator  
Division of Securities

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

Investor Name (Last, First)	Statement Date	Sum of Deposit Amount
		<b>\$555,524.45</b>
	8/11/2015	\$200,000.00
	10/7/2015	\$155,524.45
	10/11/2016	\$100,000.00
	3/8/2018	\$100,000.00
		<b>\$275,000.00</b>
	9/15/2015	\$125,000.00
	10/30/2015	\$150,000.00
		<b>\$975,050.00</b>
	2/19/2013	\$200,000.00
	4/18/2013	\$75,000.00
	8/12/2013	\$50,000.00
	10/16/2014	\$400,000.00
	3/17/2015	\$50.00
	7/16/2015	\$250,000.00
		<b>\$1,067,928.00</b>
	9/5/2017	\$150,000.00
	10/2/2017	\$13,500.00
	10/4/2017	\$125,000.00
	10/5/2017	\$3,800.00
	11/1/2017	\$11,878.00
	12/22/2017	\$150,000.00
	3/1/2018	\$300,000.00
	5/17/2018	\$50,000.00
	10/4/2018	\$50,000.00
	10/18/2018	\$85,000.00
	10/24/2018	\$25,000.00
	10/26/2018	\$3,750.00
	10/29/2018	\$100,000.00
		<b>\$130,000.00</b>
	4/12/2013	\$100,000.00
	4/29/2015	\$30,000.00
		<b>\$25,000.00</b>
	7/16/2015	\$25,000.00
		<b>\$100,000.00</b>
	7/30/2015	\$100,000.00
		<b>\$25,000.00</b>
	5/1/2017	\$25,000.00
		<b>\$351,000.00</b>
	2/10/2015	\$26,000.00
	3/17/2015	\$75,000.00

[REDACTED]	12/12/2016	\$225,000.00
[REDACTED]	1/12/2017	\$25,000.00
[REDACTED]		<b>\$400,050.00</b>
[REDACTED]	10/30/2015	\$100,000.00
[REDACTED]	11/4/2015	\$200,000.00
[REDACTED]	12/7/2015	\$50.00
[REDACTED]	10/27/2016	\$50,000.00
[REDACTED]	9/21/2017	\$50,000.00
[REDACTED]		<b>\$300,050.00</b>
[REDACTED]	10/1/2015	\$100,000.00
[REDACTED]	2/10/2016	\$100,000.00
[REDACTED]	6/23/2016	\$50,000.00
[REDACTED]	12/12/2016	\$50,000.00
[REDACTED]	7/24/2018	\$50.00
[REDACTED]		<b>\$50,000.00</b>
[REDACTED]	10/27/2017	\$50,000.00
[REDACTED]		<b>\$50,000.00</b>
[REDACTED]	12/6/2016	\$50,000.00
[REDACTED]		<b>\$150,000.00</b>
[REDACTED]	12/24/2013	\$50,000.00
[REDACTED]	10/25/2016	\$100,000.00
[REDACTED]		<b>\$50,000.00</b>
[REDACTED]	12/30/2016	\$50,000.00
[REDACTED]		<b>\$750,000.00</b>
[REDACTED]	7/31/2014	\$300,000.00
[REDACTED]	12/17/2014	\$200,000.00
[REDACTED]	12/29/2016	\$250,000.00
[REDACTED]		<b>\$50,000.00</b>
[REDACTED]	5/29/2015	\$50,000.00
[REDACTED]		<b>\$25,000.00</b>
[REDACTED]	4/23/2013	\$25,000.00
[REDACTED]		<b>\$175,000.00</b>
[REDACTED]	2/28/2017	\$75,000.00
[REDACTED]	7/5/2017	\$100,000.00
[REDACTED]		<b>\$232,000.00</b>
[REDACTED]	4/15/2016	\$76,000.00
[REDACTED]	10/26/2016	\$122,000.00
[REDACTED]	11/1/2016	\$34,000.00
[REDACTED]		<b>\$290,000.00</b>
[REDACTED]	12/8/2014	\$100,000.00
[REDACTED]	1/13/2015	\$10,000.00
[REDACTED]	10/13/2015	\$10,000.00
[REDACTED]	4/12/2016	\$10,000.00
[REDACTED]	10/14/2016	\$100,000.00

[REDACTED]	1/11/2017	\$50,000.00
[REDACTED]	7/11/2017	\$10,000.00
[REDACTED]		<b>\$100,000.00</b>
[REDACTED]	1/30/2014	\$100,000.00
[REDACTED]		<b>\$100,000.00</b>
[REDACTED]	10/12/2016	\$50,000.00
[REDACTED]	11/28/2016	\$50,000.00
[REDACTED]		<b>\$100,000.00</b>
[REDACTED]	12/7/2017	\$100,000.00
[REDACTED]		<b>\$500,000.00</b>
[REDACTED]	10/11/2013	\$50,000.00
[REDACTED]	12/2/2013	\$25,000.00
[REDACTED]	5/13/2014	\$25,000.00
[REDACTED]	6/30/2016	\$50,000.00
[REDACTED]	10/26/2016	\$100,000.00
[REDACTED]	2/22/2018	\$250,000.00
[REDACTED]		<b>\$350,000.00</b>
[REDACTED]	6/30/2014	\$250,000.00
[REDACTED]	1/15/2015	\$100,000.00
[REDACTED]		<b>\$50,000.00</b>
[REDACTED]	6/15/2016	\$50,000.00
[REDACTED]		<b>\$125,000.00</b>
[REDACTED]	2/9/2015	\$75,000.00
[REDACTED]	1/3/2017	\$50,000.00
[REDACTED]		<b>\$150,000.00</b>
[REDACTED]	4/16/2013	\$100,000.00
[REDACTED]	2/23/2017	\$50,000.00
[REDACTED]		<b>\$50,000.00</b>
[REDACTED]	6/27/2014	\$50,000.00
[REDACTED]		<b>\$75,000.00</b>
[REDACTED]	4/15/2014	\$75,000.00
[REDACTED]		<b>\$139,000.00</b>
[REDACTED]	6/3/2015	\$43,000.00
[REDACTED]	10/13/2016	\$20,000.00
[REDACTED]	10/18/2016	\$33,000.00
[REDACTED]	2/6/2018	\$43,000.00
[REDACTED]		<b>\$90,000.00</b>
[REDACTED]	1/17/2017	\$25,000.00
[REDACTED]	11/16/2017	\$50,000.00
[REDACTED]	5/2/2018	\$15,000.00
[REDACTED]		<b>\$25,000.00</b>
[REDACTED]	1/11/2017	\$25,000.00
[REDACTED]		<b>\$25,000.00</b>
[REDACTED]	1/26/2017	\$25,000.00

			<b>\$100,000.00</b>
		6/13/2014	\$100,000.00
			<b>\$125,000.00</b>
		6/6/2014	\$125,000.00
			<b>\$200,050.00</b>
		10/13/2016	\$100,000.00
		3/13/2017	\$100,000.00
		12/3/2018	\$50.00
			<b>\$50,000.00</b>
		3/15/2016	\$50,000.00
			<b>\$800,050.00</b>
		11/2/2015	\$500,000.00
		3/22/2016	\$50.00
		10/31/2016	\$300,000.00
			<b>\$200,000.00</b>
		9/30/2015	\$200,000.00
			<b>\$550,000.00</b>
		9/15/2014	\$250,000.00
		12/12/2014	\$100,000.00
		10/12/2016	\$150,000.00
		2/27/2017	\$50,000.00
			<b>\$251,000.00</b>
		5/30/2013	\$150,000.00
		6/7/2013	\$50,000.00
		3/8/2017	\$51,000.00
			<b>\$100,050.00</b>
		4/2/2013	\$100,000.00
		3/17/2015	\$50.00
			<b>\$300,000.00</b>
		4/15/2013	\$300,000.00
			<b>\$150,000.00</b>
		9/27/2013	\$100,000.00
		8/7/2017	\$50,000.00
			<b>\$25,000.00</b>
		12/20/2013	\$25,000.00
			<b>\$850,000.00</b>
		2/20/2013	\$50,000.00
		4/1/2013	\$100,000.00
		4/18/2013	\$75,000.00
		3/31/2014	\$200,000.00
		12/14/2015	\$175,000.00
		6/27/2016	\$200,000.00
		1/17/2017	\$50,000.00
			<b>\$500,000.00</b>

	10/1/2013	\$500,000.00
		<b>\$125,050.00</b>
	10/7/2013	\$50,000.00
	7/10/2014	\$50,000.00
	10/29/2015	\$50.00
	6/24/2016	\$25,000.00
		<b>\$25,000.00</b>
	4/22/2013	\$25,000.00
		<b>\$45,000.00</b>
	4/21/2014	\$20,000.00
	9/15/2014	\$25,000.00
		<b>\$50,000.00</b>
	3/22/2013	\$50,000.00
		<b>\$100,000.00</b>
	12/8/2014	\$100,000.00
		<b>\$50,000.00</b>
	4/28/2015	\$50,000.00
		<b>\$25,000.00</b>
	9/11/2013	\$25,000.00
		<b>\$25,000.00</b>
	2/4/2014	\$25,000.00
		<b>\$50.00</b>
	3/2/2015	\$50.00
		<b>\$100,000.00</b>
	1/26/2015	\$50,000.00
	12/30/2016	\$50,000.00
		<b>\$200,000.00</b>
	2/19/2013	\$150,000.00
	5/23/2013	\$50,000.00
		<b>\$125,050.00</b>
	4/18/2013	\$75,000.00
	8/12/2013	\$50,000.00
	3/17/2015	\$50.00
		<b>\$125,000.00</b>
	4/25/2018	\$125,000.00
		<b>\$555,000.00</b>
	7/24/2013	\$250,000.00
	11/30/2016	\$305,000.00
		<b>\$1,050,000.00</b>
	10/2/2013	\$250,000.00
	1/29/2014	\$100,000.00
	5/29/2014	\$600,000.00
	2/27/2017	\$100,000.00
		<b>\$200,000.00</b>

	10/3/2016	\$200,000.00
		<b>\$195,000.00</b>
	5/30/2014	\$100,000.00
	11/30/2016	\$95,000.00
		<b>\$300,000.00</b>
	7/24/2013	\$200,000.00
	11/30/2016	\$100,000.00
		<b>\$100,000.00</b>
	3/28/2017	\$100,000.00
		<b>\$310,000.00</b>
	5/30/2014	\$100,000.00
	10/19/2016	\$100,000.00
	10/27/2016	\$10,000.00
	11/21/2016	\$50,000.00
	2/27/2017	\$50,000.00
		<b>\$100,000.00</b>
	12/6/2016	\$100,000.00
		<b>\$100,000.00</b>
	12/14/2015	\$50,000.00
	4/3/2017	\$50,000.00
		<b>\$325,000.00</b>
	4/22/2013	\$125,000.00
	12/2/2014	\$100,000.00
	12/8/2014	\$100,000.00
<b>Grand Total</b>		<b>\$16,336,902.45</b>



State of Wisconsin  
Department of Financial Institutions

Tony Evers, Governor

Cheryll Olson-Collins, Secretary

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

STATE OF WISCONSIN      )  
                                  ) ss.  
COUNTY OF DANE            )

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

1. I am employed with the State of Wisconsin, Department of Financial Institutions, Division of Securities.
2. In compliance with Wis. Stat. §§ 227.48, 551.611, and 891.46; and Wis. Admin. Code. §§ DFI-Sec 8.06 and 8.07, I have caused to be served copies of the documents below upon the Administrator for the Division of Securities:
  - i. A copy of the Summary Order to Cease and Desist, Revoking Exemptions, Imposing Restitution and Civil Penalties, and Permanent Bar; DFI Case No. S-229740 (EX); and
  - ii. A copy of this Affidavit of Service.

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

Katherine Clementi  
KATHERINE CLEMENTI

State of Wisconsin  
Department of Financial Institutions  
Division of Securities

Subscribed and sworn to before me

This 20<sup>th</sup> day of December, 2022.

Robin S. Jacobs

(Notary Seal)

Notary Public, State of Wisconsin  
My commission is permanent.

