In the Matter of
RANDY N. WELSH.
Respondent.                                        PETITION FOR ORDER

The staff of the Enforcement Unit, Registration & Enforcement Section, of the Division of Securities, Department of Financial Institutions, State of Wisconsin has conducted an investigation in this matter pursuant to sec. 551.56, Wis. Stats. and as a result thereof alleges as follows:

1. **Randy N. Welsh** (DOB 2/11/60) ("Welsh") is an adult male with a last known business address of 202 West Main Street, Barneveld, Wisconsin 53507.

2. Hotel Connect #600, LLC is a foreign business entity, with last known addresses of 3621 W Beechwood Ave., #101, Fresno, CA 93711-0648 and 27501 SW 95th Ave., Ste. 930, Wilsonville, OR 97070.

3. During 1999, Welsh offered and sold to at least one person in Wisconsin a membership interest in Hotel Connect #600, LLC.

4. Pursuant to the offering materials received by persons in Wisconsin, Hotel Connect #600, LLC will engage in the business of telecommunications for both hotel owners and their guests.

5. Upon information and belief, investors can play a passive role in the company with no duties and responsibilities.

6. Upon information and belief, each investor will not be involved in the day-to-day management of Hotel Connect #600, LLC, since there are too many investors for them to each have any meaningful input, and they do not have the expertise or experience necessary to perform its duties.

7. Since the investors will be involved in a common enterprise with the expectation of profits to be derived from the essential managerial efforts of others, the "memberships" offered by the respondents are investment contracts as defined by section DFI-Sec. 1.02(6)(a), Wis. Adm. Code, and are therefore securities as defined by sec. 551.02(13), Wis. Stats.

8. The investment contract securities of Hotel Connect #600, LLC have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.

9. Respondent has violated sec. 551.21(1), Wis. Stats., by offering unregistered securities in Wisconsin.

10. In connection with the offers of the securities described above, Welsh transacted business in Wisconsin as a "securities agent" as that term is defined by sec. 551.02(3), Wis. Stats.

11. At no time has Welsh been licensed as a securities agent pursuant to Ch. 551, Wis. Stats.

12. Welsh has violated sec. 551.31(1), Wis. Stats., by transacting business in Wisconsin as a securities agent without a license.
13. In connection with the offers of the securities described above, Welsh transacted business in Wisconsin as an "agent" for Hotel Connect #600, LLC, as that term is defined by sec. 551.02(2), Wis. Stats.

Therefore, the staff of the Enforcement Unit petitions the Administrator of the Division of Securities for the issuance of the attached Order pursuant to Ch. 551, Wis. Stats.

[Signatures and dates]

Gregory L. Kipfer  
Examiner  
Enforcement Unit  

David A. Cohen  
Supervising Attorney  
Enforcement Unit