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

In the Matter of
ZEU VANG aka HMONGXER VARH,

Respondent,

PETITION FOR ORDER

File No. S-01027(EX)

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. Koomsiab, is a business entity with a previous business address of 333 Rosalia Street, Oshkosh, Wisconsin 54901, and a last known business address of 1429 N. 35th Street, Milwaukee, WI 53208;

2. ZEU VANG a/k/a HMONGXER VARH ("Vang") is an adult male whose date of birth is March 27, 1969, with a CRD number of 3056275, who previously was an insurance agent licensed in Wisconsin, whose former residence address was 333 Rosalia Street, Oshkosh, Wisconsin 54901 and whose current address is 1429 N. 35th Street, Milwaukee, Wisconsin 53208;

3. According to statements made by Vang to the staff of the Division of Securities, Koomsiab is not incorporated and/or registered as a partnership, but is registered with the office of the Wisconsin Secretary of State to have the "mark" known as Koomsiab;

4. According to statements made by Vang to the staff of the Division of Securities, during the time period of 1998 to 2000, at least 100 persons, most residing in Wisconsin, agreed to invest their money in stocks in a partnership named Koomsiab, in an aggregate amount of about $1.6 million, and to have Vang invest the money invested on behalf of the investors;

5. According to the Partnership Agreement of Koomsiab, signed by the investors:

   "2. There shall be unlimited partners but that can change any time at the discretion of the current partners.
   3. Whereas, all parties who sign this agreement intend to form a partnership for the purposes hereinafter stated: investment in stocks and other such business that may come about that is deemed appropriated (sic) as agree (sic) by the majority of the partners.
   4e. The capital of the partnership consists of an investment by $2,500 per person to be a partner."

6. Upon information and belief, at all times material hereto, Vang has been the controlling person of Koomsiab;

7. Vang told staff of the Division of Securities that Vang received a fee of 10 percent for managing the investments in the partnership of Koomsiab to the investors;

8. Upon information and belief, investors in Koomsiab played a passive role in Koomsiab, with no duties and responsibilities;
9. Upon information and belief, each investor would not be involved in the day-to-day management of Koomsiab, since according to Vang he made all the investment decisions;

10. Since the investors would be involved in a common enterprise with the expectation of profits to be derived from the essential managerial efforts of others, the interests in the partnership of Koomsiab, offered by Vang 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.;

11. The investment contracts in Koomsiab have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.;

12. Vang has violated sec. 551.21(1), Wis. Stats., by offering and selling unregistered securities in Wisconsin;

13. The actions of Vang as described above, constitute effecting transactions in securities for the account of others;

14. At no time has Vang been licensed as a broker-dealer pursuant to Ch. 551, Wis. Stats.;

15. The actions of Vang as described above constitute transacting business as an unlicensed broker-dealer in violation of sec. 551.31(1), Wis. Stats.; and

16. Despite repeated written requests of the staff of the Division, Vang has not provided a complete and accurate explanation of what he did with the money of those persons who have invested in Koomsiab, but instead acted on advice of his legal counsel to not answer certain questions of the Staff of the Division of Securities.

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.

Mark E. Dorman
Examiner
Enforcement Unit

Date

David A. Cohen
Supervising Attorney
Enforcement Unit

Date