

BEFORE THE ARKANSAS SECURITIES COMMISSIONER

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ARKANSAS SECURITIES DEP

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IN THE MATTER OF  
KEITH R. WINGAD, TAATS and  
TAATS3

Case No. S-10-185

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REQUEST FOR CEASE AND DESIST ORDER

The staff of the Arkansas Securities Department, (Staff), has received information and has in its possession certain evidence that indicates Keith R. Wingad, TAATS and TAATS3 have violated provisions of the Arkansas Securities Act, (Act), codified at Ark. Code Ann. §§ 23-42-101 through 23-42-509.

ADMINISTRATIVE AUTHORITY

1. This matter is brought in connection with alleged violations of various sections of the Act and is therefore properly before the Arkansas Securities Commissioner, (Commissioner), in accordance with Ark. Code Ann. §23-42-209.

RESPONDENTS

2. TAATS is an Arkansas general partnership that was formed on August 5, 2005. The stated purpose of the partnership is to invest member assets so as to achieve above average return. Profits and losses are to be borne equally by investors in proportion to their investments. TAATS is located at 1155 Dave Creek Parkway, Fairfield Bay, Arkansas. The Staff has found no filings for TAATS with the Arkansas Secretary of State (ASOS).

3. TAATS3 is an Arkansas general partnership that was formed on March 15, 2007. The stated purpose of the partnership was to invest member assets to achieve an above average

return by investing in various investment strategies as determined by the partnership's investment manager and partnership membership. Profits and losses are to be borne equally by investors in proportion to their investments. TAATS3 is located at 1155 Dave Creek Parkway, Fairfield Bay, Arkansas. The Staff has found no filings for TAATS3 with the ASOS.

4. Keith R. Wingad is the investment manager (IM) of TAATS and the investment partner (IP) of TAATS3. Wingad's last known address is 1155 Dave Creek Parkway, Fairfield Bay, Arkansas 72088. Wingad is not registered in any capacity pursuant to the Act.

### FACTS SUPPORTING CEASE AND DESIST ORDER

5. TAATS is an acronym for "Things Aren't As They Seem." Wingad appears to have formed these partnerships and has sold partnership units to others as investments. Unlike normal general partnerships, Wingad does all that there is to do to achieve the partnerships' purpose, which is to achieve above average returns. As the IM of TAATS and the IP of TAATS3, Wingad appears to act as the executive officer of both partnerships. Investors are given monthly or periodic statements generated by, or at the direction of, Wingad. The Staff has information that there are probably other TAATS programs and that as many as twenty-four people have invested in them.

6. Wingad represents to investors that he has developed a system that allows him to make money in the stock market, regardless of whether the market is up or down. According to Wingad, he cannot lose. His assurances of this ability have persuaded others to invest with him. Wingad manages the funds of investors in TAATS and TAATS3 as the IM and IP, respectively. In TAATS, the IM is paid a \$2,500 fee for each investment, ostensibly for reimbursement of expenses, and a yearly bonus keyed on the amount of profits. According to the TAATS partnership agreement, the bonus for the IM will go from nothing for profits up to \$25,000 up to

15% for profits of \$250,001 or more. In TAATS3 the IP is paid a \$1,000 for every investment, ostensibly for expenses, and is also given a yearly bonus that becomes bigger as the amount of profits gets bigger.

7. The Staff has somewhat detailed, quantifiable information from three investors. One investor, AR1, invested a large amount of money in TAATS. In approximately one and one-half years, it appeared from Wingad's statements that the investor had made a 73% profit. The investor was so impressed when Wingad delivered a check for the original amount, plus the purported profit, AR1 gave Wingad back that money and added an additional amount. Just short of two years later, Wingad gave AR1 the balance in the account, approximately 17% of the total invested by AR1.

8. The second investor, AR2, invested in TAATS3. The Staff just recently learned of this investor. Much of the paperwork documenting this investment and loss are en route. With that documentation, the Staff will be able to quantify AR2's loss more precisely, but it appears at this point to be more than 90%.

9. AR3 invested in TAATS3. Wingad took a 1% commission on the sale. Even though Wingad was supposed to be using his surefire system for making money in the stock market, he lost approximately 75% of AR3's investment in slightly less than two years.

10. Investors do nothing to achieve their expected return on investments, their expectations of a return are based solely on Wingad's efforts, and their investments are totally passive.

11. A search of the records of the Arkansas Securities Department finds no record of registration of these securities, no proof of exemption from the registration requirements of the Act and no notice filing showing that these securities are covered securities under federal law.

12. A search of the Central Registration Depository (CRD), the electronic registration system set up and run by the Financial Industry Regulatory Agency (FINRA) for the securities industry in North America, shows that Wingad was formerly registered under CRD No. 833986 as an agent of a number of broker-dealers. His most recent registration ended in 1992, and he has not been registered in any capacity since then.

### APPLICABLE LAW

13. Ark. Code Ann. §23-42-102(15)(A)(xi) defines a security to include an investment contract.

14. Ark. Code Ann. §23-42-501 makes it unlawful for any person to offer or sell any security in this state unless that security is registered in accordance with the Act, is exempt from registration pursuant to the Act or is a covered security under federal law.

15. Ark. Code Ann. §23-42-301(a) makes it unlawful for any person to transact business in this state as a broker-dealer or agent unless he is registered under the Act as a broker-dealer or agent of a broker-dealer or agent of an issuer.

16. Ark. Code Ann. §23-42-301(c) makes it unlawful for any person to transact business in this state as an investment adviser or agent of an investment adviser unless he is registered as such.

### VIOLATIONS OF LAW

17. Because investors do nothing to achieve their expected return on investments, and their expectations of a return are based solely on Wingad's efforts, their investments are passive, and these investments are investment contracts, which are defined as securities pursuant to Ark. Code Ann. §23-42-102(15)(A)(xi).

18. The securities sold by Wingad were not registered in accordance with the Act, exempt from registration in accordance with the Act or covered securities in accordance with federal law. The sale of these securities was thus a violation of Ark. Code Ann. §23-42-501.

19. Because Wingad was not registered in any capacity in accordance with the Act, his actions in offering and selling the securities discussed herein were a violation of Ark. Code Ann. §23-42-301(a).

20. Wingad managed the investments of others for a fee and, thus, acted as an investment adviser. Because he was not registered as an investment adviser, Wingad violated Ark. Code Ann. §23-42-301(c).

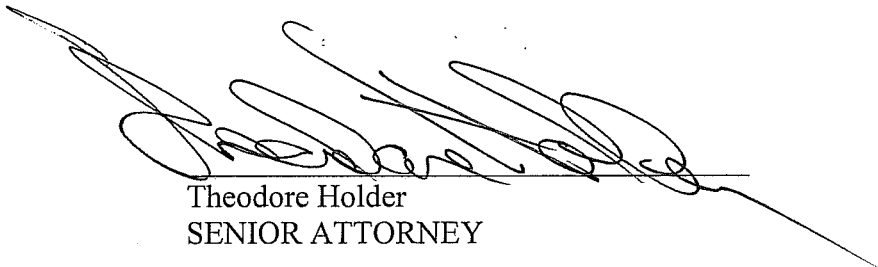
#### LEGAL AUTHORITY TO ISSUE CEASE AND DESIST ORDER

21. Ark. Code Ann. §23-42-209(a)(1)(A) provides that whenever it appears to the Commissioner that any person has engaged or is about to engage in any act or practices constituting a violation of any provision of the Act, he may summarily order the person to cease and desist from the act or practice.

WHEREFORE, the Staff respectfully requests that the Commissioner summarily issue a cease and desist order against Keith R. Wingad, TAATS and TAATS3 that orders them to cease and desist from any further actions in the state of Arkansas in connection with the offering and selling of securities, acting as a broker-dealer or agent of the issuer and an investment adviser, until such times as Wingad is properly registered or shown to be exempt from registration pursuant to the Arkansas Securities Act and the securities offered or sold are registered in accordance with the Act, exempt from registration in accordance with the Act or are shown to be covered securities in accordance with federal law. It is further requested that the Commissioner order the Staff to continue its investigation into this matter to determine other possible violations

of the Act by Wingad, TAATS, TAATS3 and any affiliates or associates whose identities and/or actions are presently unknown to the Staff, including but not limited to securities fraud.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Theodore Holder', is written over a horizontal line. The signature is highly stylized and cursive.

Theodore Holder  
SENIOR ATTORNEY

*Attorney for the Staff*