



1 2. David Warren (“Warren”) is believed to be a Texas resident. During the period relevant to  
2 this Statement of Charges, Warren was a Washington resident and was also known as David Apperson and  
3 as Hans W. Schnauber. Warren is Yofast, LP’s general partner.

4 Overview

5 3. Prior to 2005, Warren developed software known as Yofast, which functioned as a “search  
6 engine optimizer.” According to Warren, Yofast software caused a user’s website to appear on the first  
7 page of results generated by Internet search engines and helped improve a website’s visibility. Warren  
8 assigned the intellectual property rights associated with Yofast software to Yofast, LP.

9 4. Between approximately 2006 and 2008, Warren solicited several Washington residents to  
10 purchase limited partnership interests in Yofast, LP as described below. Warren also sold sales positions  
11 with Yofast, LP, to raise capital. According to Warren, the purchaser of these positions would earn  
12 commissions on sales of Yofast software, and could also earn commissions on software sold by other  
13 salespersons within their region or area.

14 Nature of the Offering

15 5. Between approximately 2006 and 2008, Warren sold approximately \$47,335 worth of Yofast,  
16 LP’s limited partnership interests to nine Washington investors. Warren told some investors that their funds  
17 would be used for unspecified start-up costs, while at least one investor was not given any disclosure  
18 regarding the use of investor proceeds. Investors typically made their investments through checks or money  
19 orders that were payable to either Warren or Yofast, LP.

20 6. As part of his solicitations, Warren demonstrated the Yofast software to investors. Warren  
21 told one investor that Yofast, LP was a “safe” and “foolproof” place to invest her funds. Warren claimed to  
22 at least one investor that Yofast, LP would partner with a company of Microsoft’s stature and that the  
23 company would later be worth \$3 billion. Warren guaranteed at least one investor that they would earn a  
24  
25

1 “big” return within two to five years. Warren told at least one investor that Yofast, LP would make “more  
2 money” than the investor “could take a bath in.”

3 7. At least two investors did not receive any written documents prior to investing. Warren  
4 provided some investors with a document entitled “New Partner Agreement” (“NPA”) which described the  
5 issuance of limited partnership units to the investor. The NPA provided that the investor agreed to be bound  
6 by Yofast, LP’s limited partnership agreement (“LPA”) and identified Warren as the company’s general  
7 partner. The NPA also listed the other limited partners and the number of limited partnership units that they  
8 owned. Warren also provided some investors with a copy of the LPA, which stated that all management  
9 authority was vested in Warren, the general partner.

10 8. By January 2008, Warren informed at least one investor that the Yofast LP was nearing  
11 insolvency. The investments in limited partnership interests have not generated any returns for investors.  
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#### 13 Misrepresentations and Omissions

14 9. In the offer and sale of limited partnership interests described above, the Respondents failed  
15 to provide material information to investors about the offering, including but not limited to, financial  
16 statements for Yofast, LP, information regarding the company’s including operating history, or the risks  
17 associated with purchasing the limited partnership interests, including, but not limited to, the lack of  
18 liquidity; competition from makers of software similar to Yofast, and Yofast, LP’s undercapitalization and  
19 its potential effects on Yofast, LP’s operations including complete cessation of operations.  
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21 10. Respondents failed to disclose to at least one investor material information concerning how  
22 Yofast, LP would use the proceeds of its offering.  
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1 11. The Respondents did not disclose material information regarding Warren's claims regarding  
2 future profitability and the claim that Yofast, LP's value would increase to \$3 billion. The Respondents did  
3 not provide a reasonable basis for these claims or disclose the assumptions on which the claims were made.

4 12. Warren represented to several offerees that he was a successful business man. However, the  
5 Respondents failed to disclose to investors that on or around May 19, 1997, Warren filed for Chapter 7  
6 bankruptcy with the United States Bankruptcy Court for the Western District of Washington under the name  
7 Hans Wayne Schnauber. Respondents further failed to disclose that in August 2006, Warren, under the  
8 name Hans Wayne Schnauber, consented to the entry of an Order to Cease and Assessing Civil Penalty that  
9 was issued by Oregon Department of Consumer and Business Services for violations of the securities  
10 registration and salesperson registration sections of the Oregon Securities Law.

#### 11 Registration Status

12 13. Yofast, LP is not currently registered to sell its securities in the State of Washington, has not  
13 previously been so registered, and has not filed a claim of exemption from registration.

14 14. David Warren is not currently registered as a securities salesperson or broker-dealer in the  
15 State of Washington and has not previously been so registered.

#### 16 **CONCLUSIONS OF LAW**

17 Based upon the above Findings of Fact, the following Conclusions of Law are made:

- 18 1. The offer or sale of limited partnership interests described above constitutes the offer or sale of a  
19 security as defined at RCW 21.20.005(14) and (17).  
20  
21 2. The offer or sale of said securities is in violation of RCW 21.20.140 because no registration for such  
22 offer or sale is on file with the Securities Administrator.  
23  
24 3. David Warren has violated RCW 21.20.040 by offering or selling said securities while not registered  
25 as a securities salesperson or broker-dealer in the State of Washington.

1 4. The offers or sales of securities described above were made in violation of RCW 21.20.010 because,  
2 as set forth in the Tentative Findings of Fact, Respondents made misstatements of material facts or omitted  
3 to state material facts necessary in order to make the statements made, in light of the circumstances under  
4 which they were made, not misleading.

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6 **NOTICE OF INTENT TO ORDER THE RESPONDENTS TO CEASE AND DESIST**

7 Based on the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator  
8 intend to order, pursuant to RCW 21.20.390(1), that Respondents, Yofast, LP and David Warren, and their  
9 agents and employees each cease and desist from violations of RCW 21.20.010 and 21.20.140, and that  
10 Respondent David Warren and his agents and employees each cease and desist from violations of RCW  
11 21.20.040.

12  
13 **NOTICE OF INTENT TO CHARGE COSTS**

14 Pursuant to RCW 21.20.390, and based upon the Tentative Findings of Fact and Conclusions of Law,  
15 the Securities Administrator intends to order that Respondents Yofast, LP and David Warren shall be jointly  
16 and severally liable for and shall pay investigative costs of not less than \$5,000.

17 **NOTICE OF INTENT TO IMPOSE FINES**

18 Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and Conclusions of Law,  
19 the Securities Administrator intends to order that Respondents Yofast, LP and David Warren shall be jointly  
20 and severally liable and shall pay a fine of \$10,000.

21 **AUTHORITY AND PROCEDURE**

22 This Order is entered pursuant to the provisions of Chapter 21.20 RCW, and is subject to the  
23 provisions of Chapter 34.05 RCW. Respondents, Yofast, LP and David Warren, may make a written  
24 request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY  
25 FOR HEARING accompanying this order. If a respondent does not request a hearing within the allowed

1 time, the Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of  
2 Law as final and enter an order to cease and desist permanent as to that respondent.  
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6 Signed and Entered this 14th day of December 2012.

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11 William M. Beatty  
12 Securities Administrator

13 Approved by:

Presented by:

14  
15 

16 Suzanne Sarason  
17 Chief of Enforcement

18 Edward R. Thunen  
19 Enforcement Attorney

20 Reviewed by:

21 

22 Robert Kondrat  
23 Financial Legal Examiner Supervisor