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BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE

OF THE STATE OF IDAHO

STATE OF IDAHO, Department of	)	
Finance, Securities Bureau,	)	Docket No. 2003-7-02
	)	
Complainant,	)	<b>CONSENT ORDER TO</b>
	)	<b>CEASE AND DESIST</b>
vs.	)	
	)	
SONIC UNIVERSAL INVESTMENT CLUB,	)	
d.b.a. sonicuniversal.com, Daryl A. Wilder	)	
and their agents and representatives,	)	
	)	
Respondents.	)	
_____	)	

The Director of the Department of Finance, pursuant to the authority of the Idaho Securities Act, Idaho Code § 30-1401, *et seq.*, (the Act) has reasonable grounds to believe that violations of the Act have occurred, and may continue to occur, as follows:

**RESPONDENTS**

1. Respondent Daryl Wilder is a twenty year old Idaho resident whose last known address is 3877 Player Drive, Coeur d'Alene, Idaho. Wilder is also known to use the address of P.O. Box 2898, Coeur d'Alene, Idaho. Respondent Wilder is the creator, operator and sole owner of Sonic Universal Investment Club and sonicuniversal.com.

2. Respondent Sonic Universal Investment Club (hereafter "Sonic") claims to be a private investment club providing financial services via an Internet web page at www.sonicuniversal.com. No business or corporate filings have been identified for this entity. The domain name of sonicuniversal.com was created and registered at YahooDomains, Inc. on

August 27, 2002. The domain organizer and site administrator is listed as Daryl Wilder at P.O. Box 2898, Coeur d'Alene, Idaho 83816.

### **FACTS**

3. Beginning on a date uncertain, but at least since August of 2002, the Respondents operated a web site located at [www.sonicuniversal.com](http://www.sonicuniversal.com). The website offered to the public, investment units in a pool of funds that were to be invested by Sonic in stock options. Option trades were to be made based on intra-day signals from three different professional option advisors. The website indicated that trading cycles would operate on a monthly basis at which time returns would be calculated to each investor in the pool. Sonic claimed to pay 20 – 50% return on investment per month. The website stated that the investment was low risk and that Sonic received guidance from three licensed securities advisors. The Respondents represented that they had been in operation for seven years in the New England area and had over 500 members.

4. The Respondents offered and sold securities in the form of investment units at \$1.00 per unit with a minimum investment of 100 units. The Respondents represented that the investors' money would be pooled with other investors and then invested in a stock option trading program.

5. At least ten investors invested in the Sonic Universal investment program

6. Respondents did not operate the investment program as outlined on the Sonic Universal webpage. Rather, Respondents initially held at least fifty percent (50%) of investor funds in accounts controlled by Respondents, while the other fifty percent (50%) was forwarded to a high yield investment program operated by an unrelated third party operating from the

Internet. The Respondent's only knowledge regarding the third party investment program was gleaned from web-based materials provided by the third-party provider.

7. The Respondents' anticipated, but undisclosed, compensation was to be derived from their retention of one-half of the third-party investment results. Unknown and undisclosed to investors was the fact that the Respondents converted some investor proceeds to their own uses and benefit.

8. The investment interests offered and/or sold by Respondents in Idaho are securities within the meaning of Idaho Code § 30-1402(12).

**COUNT ONE: RESPONDENTS NOT LICENSED**

9. Paragraphs 1 through 8 set forth above are fully incorporated herein by this reference.

10. At no time have any of the Respondents been licensed by the Department of Finance as broker-dealers or salesmen to offer for sale securities as required by Idaho Code § 30-1406. Therefore, Respondents have either transacted business in or from this state as a broker-dealer or salesman without having been registered, or have acted as broker-dealers or issuers, and employed a salesman who was not registered under the Act.

11. Defendants have violated Idaho Code § 30-1406.

**COUNT TWO: FAILURE TO REGISTER SECURITIES**

12. Paragraphs 1 through 11 set forth above are fully incorporated herein by this reference.

13. Beginning on a date uncertain, but at least since August 2002, the Respondents offered or sold, either directly or indirectly, or aided and abetted in the offer or sale, through advertisements and oral solicitations, securities within the meaning of Idaho Code § 30-1402(12).

14. The securities offered by the defendants were not registered with the Department as required by Idaho Code § 30-1416.

15. The Respondents have violated Idaho Code § 30-1416.

**COUNT THREE: VIOLATIONS OF THE ANTI-FRAUD  
PROVISIONS OF THE ACT -- OMISSIONS**

16. Paragraphs 1 through 15 set forth above are fully incorporated herein by this reference.

17. In connection with the offer and sale of the investment interests, the Respondents or their employees or agents, omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in violation of the antifraud provisions of the Act. The omissions of Respondents include, but are not limited to, the following:

- a) Respondents failed to disclose to investors that they were not registered to transact securities business from the State of Idaho.
- b) Respondents failed to disclose to investors that they were not registered to transact securities business in any state.
- c) Respondents failed to disclose to investors that they had no experience in securities or options trading.
- e) Respondents failed to disclose to investors the identity and background of the principles of Sonic Universal Investment Club.
- f) Respondents failed to disclose to investors the financial condition and operating history of Sonic Universal Investment Club.

- g) Respondents failed to disclose the risk factors associated with this type of investment program.
- h) Respondents failed to disclose the true use of investment proceeds in the Sonic Universal program.
- i) Respondents failed to disclose to investors that their money would be sent to another Internet investment program whose use of proceeds was unknown to the Respondents.
- j) Respondents failed to disclose to investors that an undisclosed part of their investment would be used to pay the personal and operating expenses of Mr. Wilder.
- k) Respondents failed to disclose the nature and types of compensation to be paid to the company and the salespersons associated with each transaction.

18. Respondents have violated Idaho Code § 30-1403(2).

**COUNT FOUR: VIOLATIONS OF THE ANTI-FRAUD  
PROVISIONS OF THE ACT -- MISREPRESENTATIONS**

19. Paragraphs 1 through 18 set forth above are fully incorporated herein by this reference.

20. In connection with the offer or sale of securities, Respondents misrepresented material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading in violation of the antifraud provisions of the Idaho Securities Act. The misrepresentations of Respondents include, but are not limited to, the following:

- a) Respondents represented to investors that the Sonic Universal Investment Club was exempt from the “U.S. Securities Act of 1933”, the “Securities Exchange Act of 1934”, “The Investment Company Act of 1940” and the “Financial Services Act 1986 of the United Kingdom”. The Respondents provided no basis for such exemption claims.
- b) Respondents represented to investors that they were not offering securities when in fact the pooled investment units are securities as defined in Idaho Code § 30-1402(12).
- c) Respondents represented to investors that the investments in Sonic Universal were low risk without a reasonable basis for such claims.
- d) Respondents represented to investors that returns would average 20% to 50% per month and that 100% of the investor’s money could be returned in two months. No reasonable basis was provided for such claims.
- e) Respondents represented to investors that Sonic Universal Investment Club had been in operation for seven years in the New England area when in fact Sonic Universal operated from a computer in Daryl Wilder’s parent’s bedroom in Coeur d’Alene, Idaho, had only been in existence since August of 2002 and had only begun receiving investor money in January of 2003.
- f) Respondents represented to investors that Sonic Universal Investment Club had 500 members when in fact Mr. Wilder admitted to having only ten investors, four of whom had their money returned to them.

g) Respondents represented to investors that trade recommendations were based on signals received from three professional licensed advisors when in fact they had no connection or contract with any licensed advisors.

h) Respondents represented to investors that their money would be invested in stock options when in fact, according to admissions made by Mr. Wilder, he forwarded part of the investor's money to another internet program whose use of proceeds was unknown to Mr. Wilder.

i) Respondents represented to investors that their money would be invested in stock options when in fact, according to admissions made by Mr. Wilder, he used an undisclosed portion of their investment to pay web hosting fees to "anonymize" his web address in an effort to "cover his tracks" once he learned of the State of Idaho's investigation.

21. Respondents have violated, or have aided and abetted in the violation of Idaho Code § 30-1403(2).

### **CEASE AND DESIST ORDER**

**NOW, THEREFORE, PURSUANT TO IDAHO CODE § 30-1442(2), IT IS HEREBY ORDERED, AND RESPONDENTS HERBY CONSENT TO IMMEDIATELY CEASE AND DESIST FROM:**

A. Selling or offering to sell any nonexempt securities in any form in the State of Idaho until such time as the securities have been registered with the Department of Finance in accordance with Title 30, Chapter 14, Idaho Code.

B. While engaged in or in connection with the offer, or sale, of any security in the state of Idaho:

- (1) Employing any device, scheme or artifice to defraud any purchasers of securities in Idaho;
- (2) Making any untrue statement of material fact or omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading;
- (3) Engaging in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person.

C. Aiding, abetting, counseling, inducing, or causing any person to engage in any of the types of conduct described in paragraph A or B, above.

**COMPLAINANT AND RESPONDENTS HEREBY AGREE AS FOLLOWS:**

1. Respondents represent that the information provided to Complainant in its investigation of this matter is accurate and complete.
2. Respondents acknowledge the Complainant's interpretation that the investment units offered to investors are securities under the Idaho Securities Act.
3. Respondents admit to the findings of violations as stated herein and consent to the entry of this Order.
4. Respondents represent that they have provided restitution to all investors that have invested in the Sonic Universal Investment Club offerings. Respondents also agree to submit evidence of the restitution made to each investor to the Director for his review within thirty (30) days of the date of this Order.



5. Respondents agree to not solicit any further investments unless and until the offerings and the sales agents are properly qualified pursuant to the Idaho Securities Act.

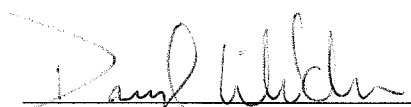
6. Respondents agree to not claim the availability of, use, or offer or sell securities under any exemptions under the Idaho Securities Act without first obtaining the written approval of the Director. Said written notice shall be provided at least thirty (30) days in advance of the Respondents' proposed activities in Idaho.

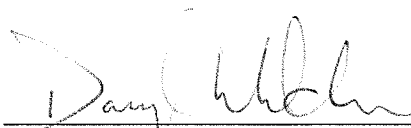
7. Respondents agree to abide by the Idaho Securities Act. In the event that Respondents commit future violations of the Idaho Securities or fail to adhere to the terms of this Order, Respondents acknowledge that Complainant can incorporate the allegations giving rise to this Order in any future proceeding.

8. Respondents agree to pay to Complainant a fine in the amount of two thousand dollars (\$2,000.00). Said fine will be paid within ninety (90) days of the date of this Order.

9. The foregoing Cease and Desist Order is necessary and appropriate, in the public interest, and for the protection of the public.

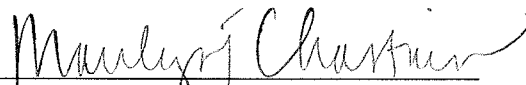
**CONSENT TO ENTRY OF ORDER:**

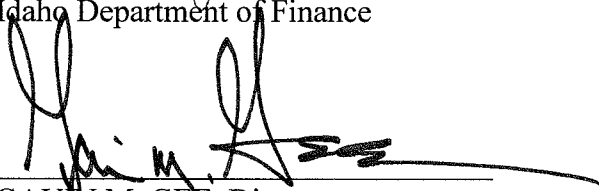
  
\_\_\_\_\_  
SONIC UNIVERSAL INVESTMENT CLUB  
(By Daryl Wilder)

  
\_\_\_\_\_  
DARYL A. WILDER

IT IS SO ORDERED.

DATED this 30 day of April 2003.

 5-9-03  
MARILYN T. CHASTAIN, Bureau Chief  
Idaho Department of Finance

  
GAVIN M. GEE, Director  
Idaho Department of Finance

