

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 6740 / October 2, 2024

ADMINISTRATIVE PROCEEDING
File No. 3-22225

In the Matter of

**DANIEL STEPHEN
MADASZ,**

Respondent.

**ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Daniel Stephen Madasz (“Respondent” or “Madasz”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, Respondent admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in paragraph III.2 below and consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions (“Order”).

III.

On the basis of this Order and Respondent’s Offer, the Commission finds that:

1. Daniel Stephen Madasz acted as an investment adviser during September and October 2014. Madasz, 73 years old, resides in Kansas City, Missouri.

2. On December 2, 2020, Madasz pleaded guilty to two counts of securities fraud (K.S.A. 17-12a501(2) (2014)) and one count of acting as an unregistered investment adviser representative (K.S.A. 17-12a404(a) (2014)) and, on February 19, 2021, he was sentenced to twelve months in prison and two years supervised release, and he was ordered to pay \$550,000 in restitution. *State of Kansas v. Daniel Stephen Madasz*, Case No. 2019-CR-2440, December 2, 2020, Tenth Judicial District, District Court of Johnson County, Kansas.

3. Facts presented to the Court at the plea hearing, which were also contained in a Statement of Facts contained in the State's Response to Defendant's Motion for Downward Departure and Sentencing Memorandum ("Sentencing Memorandum") asserted that during September and October 2014, Madasz transacted business as an investment adviser representative in Kansas without being registered as such in Kansas, as required by Kansas law. The Sentencing Memorandum contained additional facts alleging that while Madasz acted as an investment adviser representative, he recommended that two advisory clients, who resided in Kansas, purchase securities issued by Skytec Security Services LLC ("Skytec"), an Arizona company which installed security systems, but Madasz did not inform them that Skytec had hired him to find investors for it. One client invested in a two-year \$200,000, 10%, promissory note issued by Skytec, and the second investor invested in a \$350,000 subscription agreement with Skytec. The Sentencing Memorandum also asserted that Madasz failed to disclose amounts Skytec owed to other investors. According to the Sentencing Memorandum, owners of Skytec embezzled the entire amount invested by the two clients. The Sentencing Memorandum asserted that the clients' investments were securities and that Madasz's omissions were material and therefore constituted fraud.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Madasz's Offer.

Accordingly, it is hereby ORDERED pursuant to Section 203(f) of the Advisers Act that Respondent Madasz be, and hereby is barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, compliance with the Commission's order and payment of any or all of the following: (a) any disgorgement or civil penalties ordered by a Court against the Respondent in any action brought by the Commission; (b) any disgorgement amounts ordered against the Respondent for which the Commission waived payment; (c) any arbitration award related to the conduct that served as the basis for the Commission order;

(d) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (e) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Vanessa A. Countryman
Secretary