

1 **STATE OF WASHINGTON**
2 **DEPARTMENT OF FINANCIAL INSTITUTIONS**
3 **SECURITIES DIVISION**

4 IN THE MATTER OF DETERMINING
5 whether there has been a violation
6 of the Securities Act of Washington by:

7 **SCOTT BROOKSHIRE;**
8 **STEPHEN VINZANT,**

9 Respondents.

Order Number S-06-166-07-SC01

STATEMENT OF CHARGES AND NOTICE
OF INTENT TO ENTER ORDER TO CEASE
AND DESIST, IMPOSE FINES, AND
RECOVER COSTS

10 THE STATE OF WASHINGTON TO:

11 Scott Brookshire
12 Stephen Vinzant

13 **STATEMENT OF CHARGES**

14 Please take notice that the Securities Administrator of the State of Washington has reason to believe
15 that Respondents, Scott Brookshire and Stephen Vinzant, have violated the Securities Act of Washington
16 and that their violations justify the entry of an order of the Securities Administrator under RCW 21.20.390
17 against each to cease and desist from such violations. The Securities Administrator finds as follows:

18 **TENTATIVE FINDINGS OF FACT**

19 Respondents

20 1. Stephen Vinzant ("Vinzant") is a resident of Puyallup, Washington. He was president of
21 Youth Project, Inc. dba Skyline Group (UBI 601 586 875) from February 27, 2006 to July 19, 2006.
22 Vinzant is current president of the Skyline Group, Inc. (UBI 602 658 314).

23 2. Scott Brookshire ("Brookshire") is a resident of Philadelphia, Pennsylvania.

24 Background

1 3. Youth Project, Inc. (“Youth Project”) is a Washington non-profit corporation that was
2 incorporated on November 11, 1994. The entity has UBI number 601 586 875. Youth Project was an
3 inactive shell corporation with no active business and an inactive 503(c)(3) tax exempt status. Youth
4 Project’s president Wendell Jones allowed Stephen Vinzant to take control of Youth Project from February
5 27, 2006 to July 19, 2006, during which time it was known as Skyline Group. Vinzant later formed a
6 second Skyline Group, Inc. with UBI number 602 658 314. However, the relevant Skyline entity in this
7 Statement of Charges is Youth Project while it was doing business as Skyline Group.

8 4. Vinzant had been involved in a non-profit organization run by his mother which collected
9 and sold donated computer parts. Vinzant wanted Skyline to accept and then sell donations of used
10 computers on a larger scale than his mother’s organization. Vinzant would receive a salary for his work
11 with Skyline, but would donate Skyline’s profits to various community projects.

12 5. In order to run the computer donation program, Vinzant sought more funding. In early 2006,
13 Vinzant placed an advertisement on the craigslist.org internet message board seeking donors for Skyline.
14 Vinzant received a response from Scott Brookshire, who was located in Pennsylvania. Brookshire and
15 Vinzant began communicating by phone and email. Brookshire represented to Vinzant that he had twenty
16 plus years of experience in non-profits, fundraising, grant writing, and financing. Brookshire suggested
17 that Skyline should seek investors rather than donors. Brookshire and Vinzant began working together on
18 behalf of Skyline.

19 6. Brookshire and Vinzant caused an advertisement to be placed on craigslist.org seeking
20 short-term investors for a non-profit organization. An individual replied to the posting in March 2006.
21 Brookshire and Vinzant sent an investment proposal to the individual. According to the proposal, the
22 investor would receive a 20% return on a \$30,000 investment, with payback of the contract starting

1 after 30 days and completed by 145 days. Brookshire and Vinzant represented to the individual that
2 Skyline had six contracts for donations and stated that Skyline already had two investors and a
3 warehouse in Tacoma. Skyline would use investors' funds to establish a warehouse in Philadelphia for
4 the storage of donated computer equipment. In reality, Skyline did not have any contracts for
5 donations in its name; the "contracts" were arrangements of Vinzant's mother's organization to accept
6 computer donations. The two investors were Brookshire and Vinzant. The warehouse in Tacoma was
7 Vinzant's mother's storage locker. Skyline had not taken any steps to secure a warehouse or donations
8 in Pennsylvania. When the individual expressed interest in investing, Vinzant supplied wire
9 instructions to a bank account purportedly established for Skyline. The bank account was the personal
10 account of Stephen Vinzant. No investment was ever received from the individual. Following this
11 episode, Brookshire and Vinzant began to send out investment proposals by mail.

12 Nature of the Offering

13 7. Brookshire and Vinzant produced offering materials consisting of a document entitled
14 "Investors' Report 2006-2007" and a letter addressed to "Interested Investors." Brookshire supplied a
15 list of addresses and established a DHL account for Skyline. Vinzant paid for the printing of the
16 offering materials and physically sent them from Washington. On approximately May 15, 2006,
17 offering materials were sent to between 250 and 300 people, including 10 Washington residents. The
18 offerees were chosen at random, had no prior relationship to Skyline or its principals, and were not
19 screened for accredited status or sophistication.

20 8. The offering materials described investment opportunities with Skyline. An investor
21 would receive a 21.50% return on a \$15,000 investment for a term of seven months; a 23.70% return
22 on a \$50,000 investment for a term of eleven months; a 26.50% return on a \$100,000 investment for a

1 term of fifteen months; or a 30.50% return on a \$282,000 investment for a term of twenty-two months.
2 For each investment, monthly payments would begin 90 days after investment and conclude at the end
3 of the applicable term.

4 Misrepresentations and Omissions

5 9. Respondents failed to provide material information regarding Skyline, including but not
6 limited to: a financial statement, the company history, the background of the officers, and the general
7 and specific risks involved with investment contracts.

8 10. Respondents stated in Skyline's offering materials that Skyline generated an average of
9 \$23,000 to \$31,000 per month in revenues. Respondents represented that Skyline had already secured
10 contracts for donations. In reality, Skyline had no monthly revenue and no contracts for donations in
11 its name.

12 11. Respondents projected in Skyline's offering materials that Skyline's revenues by the fall
13 of 2007 would exceed \$27 million. Skyline began operation in 2006 and lacks significant operating
14 history. Respondents failed to provide a reasonable basis for their projections.

15 Registration Status

16 12. Youth Project formerly known as Skyline Group is not currently registered to sell its
17 securities in the State of Washington and has not previously been registered.

18 13. Scott Brookshire is not currently registered as a broker-dealer or securities salesperson in
19 the State of Washington and has not previously been registered.

20 14. Stephen Vinzant is not currently registered as a broker-dealer or securities salesperson in
21 the State of Washington and has not previously been registered.

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

2 **CONCLUSIONS OF LAW**

3 1. The offer and/or sale by Scott Brookshire and Stephen Vinzant of the investment contract
4 described above constitutes the offer and/or sale of a security as defined in RCW 21.20.005(10) and
5 (12).

6 2. Scott Brookshire and Stephen Vinzant violated RCW 21.20.140 by offering or selling
7 unregistered securities in the State of Washington.

8 3. Scott Brookshire and Stephen Vinzant violated RCW 21.20.040 by offering or selling
9 securities while not registered as broker-dealers or securities salespersons in the State of Washington.

10 4. The offer and/or sale by Scott Brookshire and Stephen Vinzant of the Skyline securities
11 was made in violation of RCW 21.20.010 because, as set forth in the Tentative Findings of Fact,
12 Respondents made misstatements of material facts or omitted to state material facts necessary in order
13 to make the statements made, in light of circumstances under which they were made, not misleading.

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

16 Based on the above Tentative Findings of Fact and Conclusions of Law, the Securities
17 Administrator intends to order that Respondents, Scott Brookshire and Stephen Vinzant, and their agents
18 and employees, shall each cease and desist from violations of RCW 21.20.140, RCW 21.20.040 and
19 RCW 21.20.010.

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22 **NOTICE OF INTENT TO IMPOSE FINES**

1 Pursuant to RCW 21.20.395, and based upon the Tentative Findings of Fact and Conclusions of
2 Law, the Securities Administrator intends to order that Respondents, Scott Brookshire and Stephen
3 Vinzant, each shall be liable for and pay a fine of \$5,000.

4 **NOTICE OF INTENT TO RECOVER COSTS**

5 Pursuant to RCW 21.20.390(5), and based upon the Tentative Finds of Fact and Conclusions of
6 Law, the Securities Administrator intends to order that the Respondents, Scott Brookshire and Stephen
7 Vinzant, shall be jointly and severally liable for and pay the Securities Division not less than \$2,375 in
8 costs, fees, and other expenses incurred in the conduct of the administrative investigation and hearing
9 of this matter.

10 **AUTHORITY AND PROCEDURE**

11 This Statement of Charges is entered pursuant to the provisions of the RCW 21.20.390 and
12 RCW 21.20.395 and is subject to the provisions of RCW 34.05. The Respondents may each make a
13 written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND
14 OPPORTUNITY FOR HEARING accompanying this Statement of Charges.

15 If a Respondent does not request a hearing, the Securities Administrator intends to adopt the
16 above Tentative Findings of Fact and Conclusions of Law as final, enter a permanent cease and desist
17 order as to that Respondent, and impose the fines and costs sought.

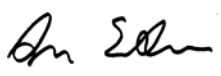
18 DATED AND ENTERED this 12th day of March, 2007.

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MICHAEL E. STEVENSON
22 Securities Administrator

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Approved by:



Suzanne Sarason
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Presented by:



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