

**BEFORE THE SECURITIES COMMISSIONER  
OF THE STATE OF KANSAS**

In the Matter of:

MICHAEL EDWIN BETZEL and,  
GUARDIAN KNIGHT SECURITY

Docket No. 10 E028  
K.S.C. 2008-5432

Respondents.

\_\_\_\_\_/   
Pursuant to K.S.A. 17-12a604

**STIPULATION FOR CONSENT ORDER**

This proceeding follows an investigation conducted by the Office of the Kansas Securities Commissioner. As a result of this investigation, a Complaint/Information and Affidavit were filed in Johnson County, Kansas, [Case No. 09-CR-2103] charging allegations of fact and conclusions of law. On May 17, 2010, pursuant to a plea agreement, Respondent pled no contest and was found guilty to Count 16 of the Complaint/Information, which stated as follows:

That on or about July 6, 2007, in Johnson County, Kansas, the Defendant, Michael Edwin Betzel, did then and there, contrary to the statutes of the State of Kansas, unlawfully, feloniously, and intentionally, either directly or indirectly, in connection with the offer or sale of securities to [REDACTED], make an untrue statement of a material fact and/or omit to state a material fact necessary in order to make a statement made, in the light of the circumstances under which it is made, not misleading. That this course of business all occurred in violation of K.S.A. 17-12a501(2), a severity level 5, nonperson felony [resulting in a loss of at least \$25,000 but less than \$100,000], defined as general fraud, commonly known as securities fraud.

The factual basis for the charge was stated as follows:

- (a) On or about July 6, 2007, the Defendant contacted [REDACTED] regarding an investment in Guardian Knight Security. The Defendant requested \$75,000 be invested to complete projects and to expand Guardian Knight.
- (b) On the same day, [REDACTED] wrote a check payable to the Defendant for \$75,000. The memo portion of the check, XXX wrote "business loan".
- (c) The Defendant and [REDACTED] agreed to formalize [REDACTED] previous investments by signing a promissory note that including funding for a new investment. The agreement was signed by the Defendant, [REDACTED] and a witness.
- (d) The agreement was signed on July 6, 2007, and stated "This contract also applies to previous loans." The interest rate was to be 10% annually applied monthly. The agreement also included an additional payment schedule.
- (e) The Respondent failed to tell [REDACTED] that he was not going to use the funds to expand Guardian Knight but for personal expenses and to repay previous investors.

The Respondent, Michael Edwin Betzel, wishing to obtain a disposition of the above-captioned matter without invoking his right to a hearing, and as a term of the Plea Agreement, has determined not to contest the issuance of the attached Consent Order based on the above-referenced allegations.

**IT IS THEREFORE STIPULATED AND AGREED** by and between Respondents Michael Edwin Betzel, Guardian Knight Security and the staff of the Office of the Kansas Securities Commissioner that:

1. The attached Consent Order may be issued by the Securities Commissioner of Kansas without further proceedings.
2. Respondents Betzel and Guardian Knight waive their rights to any hearing prior to issuance of the attached Consent Order on the basis of the referenced allegations.

3. Respondent Betzel agrees to be barred from association with any broker-dealer, agent, investment adviser or investment adviser representative registered under the Kansas Uniform Securities Act.

4. Respondent Betzel agrees to permanently cease and desist from selling unregistered securities in the State of Kansas.

5. Respondent Guardian Knight agrees to permanently cease and desist from employing or associating with an unregistered agent under the Kansas Uniform Securities Act.

**APPROVED BY:**

/s/ Michael E. Betzel  
Michael Edwin Betzel  
Respondent

June 23, 2010  
Date

/s/ Michael E. Betzel  
Michael Edwin Betzel, President  
Guardian Knight Security  
Respondent

June 23, 2010  
Date

This Stipulation for Consent Order was signed before me on the 23<sup>rd</sup> day of June, 2010, by Michael Edwin Betzel.

/s/ Stephen R. Tatum  
District Court Judge

**APPROVED BY:**

/s/ Erin Hoestje

Erin M. Hoestje, #22042  
Associate General Counsel  
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June 23, 2010

Date

/s/ Stacey Schlimmer

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*Attorney for Respondent*

June 23, 2010

Date