

BEFORE THE  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
DIVISION OF SECURITIES  
STATE OF WISCONSIN

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In the Matter of  
RUDY SCARBOROUGH, CAPITAL  
FINANCE SERVICES, INC. and  
PREMIER FINANCIAL SERVICES,

PETITION FOR ORDER  
(SUMMARY)

Respondents.

File S-98073(EX)

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The staff of the Enforcement Unit of the Registration & Enforcement Section alleges that:

1. Rudy Scarborough ("Scarborough") is an individual, with a last known residence address of Windsor Road, Windsor, Wisconsin 53598 and a general delivery address of Horicon, Wisconsin 53032-9999.
2. Capital Finance Services, Inc. ("Capital"), is a business entity, with a last known business address of 2810 Cross Roads Drive, Suite 3800, Madison, Wisconsin 53718.
3. Premier Financial Services ("Premier"), is a business entity, with a last known business address of 2810 Cross Roads Drive, Suite 3800, Madison, Wisconsin 53718.
4. In March of 1998, Scarborough, on behalf of Capital and Premier, offered to at least one person an investment in the form of a promissory note in Integrated Information Utilities Corp. (the "Note").
5. The Note could be exchanged for a convertible debenture of preferred stock.
6. The business entity known as "Premier Financial Services" signed a three-year lease on July 1, 1997, at the address stated on the letter to the investor.
7. The business entity known as "Premier Financial Services" is associated with the phone number listed on the letter received by the person in Wisconsin.
8. Scarborough signed the lease identified in paragraph 6 above and responded to telephone contacts made at the business entity identified in paragraph 7 above.
9. The Note is a security as defined in sec. 551.02(13)(a), Wis. Stats.
10. The security described above has never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.

11. All Respondents have violated sec. 551.21(1), Wis. Stats., by offering unregistered securities in Wisconsin.
12. In connection with the offers of the securities described above, Scarborough transacted business in Wisconsin as an “agent,” for Capital and Premier, as that term is defined by sec. 551.02(2), Wis. Stats.
13. At no time material hereto was Scarborough licensed as a securities agent in Wisconsin pursuant to Ch. 551, Wis. Stats.
14. Scarborough has violated sec 551.31(1), Wis. Stats., by transacting business in Wisconsin as a securities agent without a license.
15. Premier has transacted business as a “broker-dealer” in Wisconsin as that term is defined in sec. 551.02(3), Wis. Stats.
16. Capital has transacted business as a “broker-dealer” in Wisconsin as that term is defined in sec. 551.02(3), Wis. Stats.
17. At no time material hereto has Premier been licensed as a broker-dealer in Wisconsin pursuant to Ch. 551, Wis. Stats.
18. At no time material hereto has Capital been licensed as a broker-dealer in Wisconsin pursuant to Ch 551, Wis. Stats.
19. Premier has violated sec. 551.31, Wis. Stats., by transacting business in Wisconsin as a broker-dealer when not licensed to do so.
20. Capital has violated sec. 551.31, Wis. Stats., by transacting business in Wisconsin as a broker-dealer when not licensed to do so.
21. Premier has violated sec. 551.31(2), Wis. Stats., by employing an unlicensed agent to represent them in Wisconsin.
22. Capital has violated sec. 551.31(2), Wis. Stats., by employing an unlicensed agent to represent them in Wisconsin.

Therefore, the staff of the Enforcement Unit petitions the Administrator of the Division of Securities for the issuance of the attached order pursuant to Ch. 551, Wis. Stats.

  
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Kathryn L. Denton                      Date  
Examiner  
Enforcement Unit

  
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David A. Cohen                      Date  
Supervising Attorney  
Enforcement Unit