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

In the Matter of SELETA J. NELSON and SELETA J. NELSON LLC a/k/a SJN LLC Respondents.	PETITION FOR ORDER File No. S-98180(EX)

The staff of the Enforcement Unit, Registration & Enforcement Section, of the Division of Securities, Department of Financial Institutions, State of Wisconsin has conducted an investigation in this matter pursuant to sec. 551.56, Wis. Stats. and as a result thereof alleges as follows:

1. Seleta J. Nelson LLC a/k/a SJN LLC ("SJN") is a business entity with a last known business address of 11411 Lake Arbor Way, Suite 1102, Mitchellville, Maryland.

2. Seleta J. Nelson ("Nelson") is an individual who at all times material hereto has been "General Manager"of SJN, with a last known business address of 11411 Lake Arbor Way, Suite 1102, Mitchellville, Maryland.

3. During the period of October 1, 1996 to January 31, 1998, on behalf of SJN, Seleta J. Nelson, Estela Mahnke, Paul Koleske, David Schneider, Amy Barnett, and Mary Yuenkel (together the "Agents") offered to at least fifty persons in Wisconsin the opportunity to invest in the partnership of SJN through the purchase of what were variously termed "purchase memberships," "unit purchases," or "membership interests."

4. Pursuant to the offering materials received by persons in Wisconsin, SJN will engage in the business of investing in stocks, bonds, and other equities, and/or short-term loans to businesses, and/or a check advance program called "Quick-Cash."

5. Upon information and belief, each investor will not be involved in the day-to-day management of SJN, since the "Partnership Agreement" states: "The General Manager (Seleta J. Nelson) shall have exclusive authority to administer and manage the operations and affairs of SJN L.L.C. She will make all decisions regarding the business of SJN L.L.C."

6. Since the investors will be involved in a common enterprise with the expectation of profits to be derived from the essential managerial efforts of others, the "memberships" offered by the respondents are investment contracts as defined by DFI-Sec 1.02(6)(b), Wis. Adm. Code, and are therefore securities as defined by sec. 551.02(13), Wis. Stats.

7. The Seleta J. Nelson LLC investment contracts have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.

8. All Respondents have violated sec. 551.21(1), Wis. Stats., by offering unregistered securities in Wisconsin.

9. In connection with the offers of the securities described above, the Agents transacted business in Wisconsin as "securities agents" for SJN as that term is defined by sec. 551.02(2), Wis. Stats.

10. At no time have the Agents been licensed as securities agents pursuant to Ch. 551, Wis. Stats.

11. The Agents have violated sec. 551.31(1), Wis. Stats., by transacting business in Wisconsin as securities agents without a license.

12. Seleta J. Nelson and SJN have violated sec. 551.31(2), Wis. Stats., by employing unlicensed agents to represent them in Wisconsin.

13. Seleta J. Nelson and the agents knew that some investors principal payments were not going towards the reported business of SJN, but rather to repay principal and/or pay interest to other investors. Members who made initial or additional investments in December 1997 and January 1998, were not informed of the financial difficulties SJN was experiencing. Members were not provided with general information on the types and amounts of stocks, bonds, and other equities companies/individuals that SJN had made loans to.

14. In connection with the offer and sale of the security described in Paragraphs 2, 3 and 4 above, Seleta J. Nelson and the Agents made untrue statements of material facts, or omitted to state material facts including but not limited to the following: the financial condition of Seleta J. Nelson (SJN) LLC at the time the offer was made, the exact nature of the underlying investment, that the amount of principal invested was guaranteed, and that the investment was insured.

15. All Respondents have violated sec. 551.41(2), Wis. Stats., by making an untrue statement of material fact in the offer and sale of securities to persons in Wisconsin.

16. All Respondents have violated sec. 551.41(2), Wis. Stats., by omitting to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, in connection with the offer and sale of securities to persons 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.

Gregory L. Kipfer March 18, 1999
Gregory L. Kipfer Date
Examiner
Enforcement Unit

3/19/99
David A. Cohen Date
Supervising Attorney
Enforcement Unit