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

In the Matter of

CINDY C. FRANE,

Respondent.

STATEMENT OF STAFF ALLEGATIONS & PETITION FOR ORDER

File No. S-00124(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. Cindy C. Frane ("Frane") is an individual, with a date of birth of June 16, 1979, who has a last known home address at that of N16789 Romadka Avenue, Curtiss,WI 54422.

2. Jessica J. Lindberg ("Lindberg") is an individual, with a date of birth of December 24, 1975, who has a last known home address at that of N16170 Liberty Avenue, Dorchester, Wisconsin 54425.

3. Based on statements of Lindberg to the Staff of the Enforcement Unit, during the period of February 2000, Lindberg, on behalf of Frane, offered and sold to at least two persons in Wisconsin investments in a scheme of Frane's, and received a commission for each such sale, and Lindberg had a written contract with Frane for doing so.

4. Upon information and belief, according to the contract the investors had with Frane, the investor provides a minimum of $5,000 to Frane for at least six months, during which time Frane invests it, and repays the principal of the investor in six months, with a guaranteed interest at a net rate of 10 percent.

5. Upon information and belief, investors play a passive role in the scheme with no duties and responsibilities.

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 Frane, the investments offered and sold to the investors are investment contracts as defined by section DFI-Sec. 1.02(6)(a), Wis. Adm. Code, and are therefore securities as defined by sec. 551.02(13), Wis. Stats.

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

8. Frane has violated sec. 551.21(1), Wis. Stats., by offering unregistered securities in Wisconsin.

9. In connection with the offers and sales of the securities described above, Lindberg transacted business in Wisconsin as an "agent" for Frane, as that term is defined by sec. 551.02(2), Wis. Stats.

10. Frane has violated sec. 551.31(2), Wis. Stats., by employing an unlicensed agent to represent her in Wisconsin.

11. The Staff of the Enforcement Unit requested of Frane in writing and in-person that she provide information about the investment-related transactions of persons in Wisconsin who invested in the scheme of Frane's, to which Frane replied that no persons had made any such investments.

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.

Mark E Dorman 6-7-00
Mark E. Dorman Date
Examiner
Enforcement Unit

6/7/00
David A. Cohen Date
Supervising Attorney
Enforcement Unit