

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

In the Matter of
MICHAEL B. GRIECO,

STATEMENT OF STAFF
ALLEGATIONS &
PETITION FOR ORDER

Respondent.

File No. S-99287(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. Michael B. Grieco ("Grieco "), who upon information and belief was born in 1950, is an individual who has a last known residence address of 22 Leroy Ave., Lawrence, MA 01841.
2. James C. Walters (DOB 8/25/49) ("Walters") is an individual who at all times material hereto has been an agent of Grieco's, with a last known home address of 206 S. Second Street, Mount Horeb, WI 53572.
3. Upon information and belief, during the time period of 1998 and 1999, Grieco entered into agreements with at least eight persons in Wisconsin, in which Grieco agreed to invest their money in an investment scheme of Grieco's named the 100-day Annuity Fund, that was insured and guaranteed by Barclay's Bank, and would pay 110% return on investment, in less than one year.
4. According to what Walters told Staff of the Enforcement Unit, during the period of at least 1998 and 1999, Walters, on behalf of Grieco, offered and sold to at least two persons in Wisconsin an investment in the investment scheme of Grieco's named the 100-day Annuity Fund and received payments for doing so as promised by Grieco.
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 Grieco, 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 investments in the 100-Day Annuity Fund of Grieco have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.
8. Grieco has violated sec. 551.21(1), Wis. Stats., by offering and selling unregistered securities in Wisconsin.
9. In connection with the offer and sale of the securities described above, Walters transacted business in Wisconsin as an "agent" for Grieco, as that term is defined by sec. 551.02(2), Wis. Stats.
10. At no time has Walters been licensed as a securities agent to sell the notes of Grieco, pursuant to Ch. 551, Wis. Stats.

11. Grieco has violated sec. 551.31(2), Wis. Stats., by employing an unlicensed agent to represent him in Wisconsin.
12. According to a Petition Violation of Probation filed on August 12, 1998, by the Director of Probation, Warren County, State of New York, Grieco was convicted of felony grand larceny in the County of Warren, State of New York on February 3, 1993, placed on five years probation, subject to certain terms and conditions - including to make restitution of \$20,000 to his victims.
13. According to the Petition Violation of Probation, the Warren County Probation Department filed a violation of probation petition against Grieco for failing to pay the restitution as ordered, which resulted in a declaration of delinquency being signed by the court on January 15, 1998, against Grieco.
14. According to the Petition Violation of Probation, on June 2, 1998, Grieco sent by facsimile machine to the Warren County Probation Department a forged bank letter and bogus bank deposit slip, in response to the Probation Department's request for verification of his ability to pay restitution in the near future.
15. According to the Petition Violation of Probation, Grieco committed the offense of offering false instrument for filing in violation of New York Penal Law, thus violating the order and condition of his probation.
16. Upon information and belief, Grieco was arrested for the offense referred to in Paragraph 15 and spent time in the Warren County jail.
17. In connection with the offer and sale of the securities described in Paragraphs 3 and 4, Grieco omitted to disclose his conviction for grand larceny in New York State, his being on probation and ordered to pay \$20,000 restitution, and inability to pay restitution as ordered, which could have resulted in his imprisonment and failure to repay the investors.
18. Grieco has 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.
19. Upon information and belief, most or all of the investments in the 100-Day Annuity Fund described above are in default, and investors in Wisconsin have requested repayment but have not received their principal and have received no payments since about May 1999.
20. The Staff of the Enforcement Unit sent a letter, dated November 18, 1999, to Grieco requesting details of his securities-relating with persons in Wisconsin but got no response.

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 7-12-00
 Mark E. Dorman Date
 Examiner
 Enforcement Unit

David A. Cohen 7/13/00
 David A. Cohen Date
 Supervising Attorney
 Enforcement Unit