

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

In the Matter of
HEALTH PERFECT IMAGING, INC.,
HEALTH PERFECT IMAGING UNIT INVESTMENT TRUST,
ERIC BELTRAN, FRANK E. LOVY, DON KUSTER,
FRED REMBERT, and RUBEN GONZALES,

PETITION FOR ORDER

Respondents.

File No. S-01095(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. Health Perfect Imaging, Inc. ("HPI") is a foreign business entity with a last known business address of 18135 Brookhurst Street, Fountain Valley, CA 92708.
2. Health Perfect Imaging Unit Investment Trust ("HPI Trust") is a foreign business entity with a last known business address at that of HPI
3. Eric Beltran ("Beltran") is an individual who at all times material hereto has been the President of HPI, with a last known business address at that of HPI.
4. Frank E. Lovy (CRD #1873218; DOB 3/19/30) ("Lovy") is an individual who at all times material hereto has been the Vice President of HPI, with a last known business address at that of HPI.
5. Don Kuster ("Kuster") is an individual who at all times material hereto has been an agent of HPI, HPI Trust, Beltran and Lovy, with a last known business address at that of HPI.
6. Fred Rembert ("Rembert") is an individual who at all times material hereto has been an agent of HPI, HPI Trust, Beltran and Lovy, with a last known business address at that of HPI.
7. Ruben Gonzales ("Gonzales") is an individual who at all times material hereto has been an agent of HPI, HPI Trust, Beltran and Lovy, with a last known business address at that of HPI.
8. During the period of April and May 2001, Kuster, on behalf of HPI, HPI Trust, Beltran and Lovy, offered to at least one person in Wisconsin units in HPI Trust.
9. During the period of October 2001, Rembert and Gonzales, on behalf of HPI, HPI Trust, Beltran and Lovy, offered to at least one person in Wisconsin units in HPI Trust.
10. The units offered by the respondents are securities as defined by sec. 551.02(13), Wis. Stats.
11. A Form D Notice Filing for HPI Trust was received by the Division on June 26, 2001, pursuant to Ch. 551, Wis. Stats.

12. The Filing referred to in Paragraph 11 states that the Issuer of HPI Trust is HPI, which was incorporated or organized in the State of Nevada in September, 2000.
13. Records on the Nevada Secretary of State Corporate Information website show that HPI was incorporated on October 19, 2000 and is in default status as of May 4, 2001.
14. The Filing referred to in Paragraph 11 lists Beltran as the only promoter of the offering.
15. The statement of expenses in connection with the issuance and distribution of the securities in the offering on page 4 of the Filing referred to in Paragraph 11, section 4.a., shows no dollar amount for sales commissions.
16. On May 2, 2001, in connection with the offering of the HPI Trust securities to a person in Wisconsin, Kuster stated that the sales commission is "15% of the amount invested."
17. On October 23, 2001, in connection with the offering of the HPI Trust securities to a person in Wisconsin, Gonzales stated that the fee paid to salespersons is "10% of the amount invested."
18. Commissioned salespersons were employed in the offer of the securities, as described in Paragraphs 8 and 16, and have been employed in the offer of the securities subsequent to the filing described in Paragraphs 11, 12 and 15, as described in Paragraphs 9 and 17.
19. HPI, HPI Trust, Beltran and Lovy have violated 551.54, Wis. Stats., by making a false or misleading filing with the Division, as described in Paragraphs 11 through 18 above.
20. Since commissioned salespersons were employed in the offer of the securities, as described in Paragraphs 8 and 16, and have been employed in the offer of the securities subsequent to the filing described in Paragraphs 11, 12 and 15, as described in Paragraphs 9 and 17, the Rule 506 Regulation D securities registration exemption is not available.
21. The HPI Trust securities have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.
22. All Respondents have violated sec. 551.21(1), Wis. Stats., by offering unregistered securities in Wisconsin.
23. In connection with the offers of the securities described above, Kuster, Rembert, and Gonzales transacted business in Wisconsin as "agents" for HPI, HPI Trust, Beltran and Lovy, as that term is defined by sec. 551.02(2), Wis. Stats.
24. At no time have Kuster, Rembert, and Gonzales been licensed as securities agents pursuant to Ch. 551, Wis. Stats.
25. Kuster, Rembert, and Gonzales have violated sec. 551.31(1), Wis. Stats., by transacting business in Wisconsin as securities agents without a license.
26. HPI, HPI Trust, Beltran and Lovy have violated sec. 551.31(2), Wis. Stats., by employing an unlicensed agent to represent them in Wisconsin.
27. On September 24, 1999, the State of Missouri issued an Administrative Order against Lovy, based on allegations of securities law violations.

- 28. In connection with the offer of the securities described in Paragraphs 8 and 9, the Respondents omitted to disclose the issuance of the Order referred to in Paragraph 27.
- 29. 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.



Susan A. Kittel Moore Date
Examiner
Enforcement Unit



David A. Cohen Date
Supervising Attorney
Enforcement Unit