

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

In the Matter of
RONALD E. KLOS,

PETITION FOR ORDER
OF PROHIBITION AND
REVOCAION

Respondent.

File No. S-97136 (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. Ronald E. Klos (hereinafter referred to as "Klos"), is an adult male individual with a last known residence address of 808 East Badger Lane, West Bend, Wisconsin 53095;
2. During the period of at least May 2000 through 2001, Klos offered and sold securities to at least 40 persons in Wisconsin on behalf of Leslie J. Hamilton, Jr., a/k/a John Halvorsen, through a business operation called "Capital Collectibles" and similar names;
3. The securities referenced in Paragraph 2 above have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.;
4. Klos has violated sec. 551.21(1), Wis. Stats., by offering and selling unregistered securities in Wisconsin;
5. In connection with the offers and sales of securities by Klos as described in Paragraphs 2 through 4 above, Klos was employed by Hamilton as a sales agent and transacted business in Wisconsin as a securities "agent" for Hamilton, as that term is defined by sec. 551.02(2), Wis. Stats.;
6. At no time has Klos been licensed as a securities agent for Hamilton pursuant to Ch. 551, Wis. Stats.;
7. Klos has violated sec. 551.31(1), Wis. Stats., by transacting business in Wisconsin as a securities agent while he was not licensed as a securities agent in Wisconsin;
8. On June 25, 2001, the State of Wisconsin, by the District Attorney of Sheboygan County, issued a multi-count criminal complaint against Hamilton for fraud in the offers and sales of securities in violation of sec. 551.41(2), Wis. Stats., including securities of the kind offered and sold on behalf of Hamilton by Klos as referenced in Paragraphs 2 through 7 above, and which complaint remains pending;

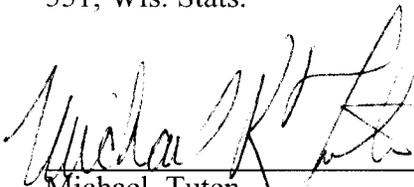
9. Upon information and belief, in connection with offers and sales of securities referenced in Paragraphs 2 through 8 above, Klos presented Hamilton's promises of return of principal plus profit, but in such offers and sales there was no disclosure that Hamilton had other such investors to whom the same promises had been made but who had been unpaid despite the passages of the due dates for such payments;

10. The failures to disclose unpaid previous obligations as described in Paragraph 9 above constitute the failures to disclose material facts in connection with the offers and sales of securities in Wisconsin, and continuing violations of sec 551.41(2), Wis. Stats.;

11. Upon information and belief, in connection with offers and sales of securities referenced in paragraphs 2 through 10 above, Klos presented Hamilton's claims to offerees and purchasers that their investment accounts with him were insured by insurance companies, when in fact no insurance company insured the investors' "accounts" with Hamilton; and

12. The representations as to insurance as described in Paragraph 11 above constitute misrepresentations of material facts in connection with the offers and sales of securities in Wisconsin, and continuing violations of sec 551.41(2), Wis. Stats.;

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


Michael Tuten
Examiner
Enforcement Unit
9-19-2001
Date


William C. Lloyd
Staff Attorney
Enforcement Unit
9/19/01
Date