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

In the Matter of ROLLAND E. NIELSON	PETITION FOR ORDER
Respondent.	File No. S-00169(LX)

The staffs of the Bureau of Licensing & Compliance, and the Enforcement Unit, Bureau of Registration & Enforcement, of the Division of Securities, Department of Financial Institutions, State of Wisconsin have conducted an investigation in this matter pursuant to sec. 551.56, Wis. Stats., and as a result thereof allege as follows:

1. Rolland E. Nielson ("Nielson") is a licensed securities agent (CRD #2466487) with a last known business address at 14010 West Park Ave, New Berlin, WI 53151;

2. Innovative Securities, Inc., ("Innovative") is a licensed broker-dealer (CRD #24097) with a last known business address at 12300 W. Center St., Suite 200, Wauwatosa, WI 53222;

3. At all times material hereto, Nielson was an agent of Innovative Securities, Inc.;

4. From January 1996 to September 1998, Nielson, on behalf of various companies, offered and sold viatical settlement contracts to at least 11 persons in Wisconsin;

5. The viatical insurance contracts were securities as that term is defined by sec. 551.02(13), Wis. Stats.;

6. The contracts were not registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.;

7. In connection with the offer and sale of the contracts, Nielson produced his own promotional materials (the "Promotional Materials");

8. The Promotional Materials contain statements such as:

    - "A **fixed return** of 12% for one year, 28% for two years, or 42% for three years. Standard and Poors says that the annualized return of the three year program is 20-25%!"

    - "Unmatched safety and yield"

9. The Promotional Materials also favorably compared viatical settlements to bank issued to CDs in terms of safety of investment;

10. In an August 1997 promotion piece under the section titled Frequently Asked Questions, Nielson states, "Q. What about a miracle cure for AIDS? A. While this is possible, it is highly unlikely to benefit patients in this stage of the disease…It is also important to understand that viaticals are only done on full blown AIDS patients…not HIV patients. The new 'cocktail' treatments are very toxic and very expensive! Also keep in mind that the life expectancy given to a patient today takes into account the new treatments."

11. Nielson failed to disclose:

    - The risk that the investor could actually lose money if the viator lives and the investor is forced to pay premiums and other fees indefinitely

    - The risk on policies that have numerous beneficiaries that even if the investor continues to pay the premiums on the policy, he or she may be forced to pay the premiums of other beneficiaries to keep the policy from lapsing

    - The risk that the policy may be fraudulently obtained which could result in the loss of the entire investment

    - The actual state of knowledge about AIDS therapies, including the success of the AIDS "cocktail" in prolonging the life of AIDS patients;

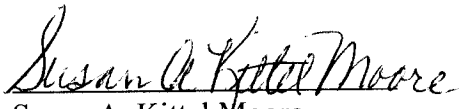
12. Pursuant to NASD Rule of Conduct sec. 2210(b) (1) all advertising and promotional materials must be given to an agent's employing broker-dealer for review and approval;

13. Nielson failed to provide the Promotional Materials to Innovative;

14. Nielson's actions in failing to provide the Promotional Materials to Innovative is a violation of the NASD's Rule of Conduct and therefore deemed a dishonest or unethical business practice or taking unfair advantage of a customer under DFI-Sec 4.06(2)(i), Wis. Adm. Code which provides a basis, pursuant to sec. 551.34(1)(g), Wis. Stats., for the censure of a licensee;

THERFORE, the staffs of the Bureau of Licensing & Compliance and Enforcement & Regulation petition the Administrator for the issuance of the attached Order.

DATED this 17th day of January, 2001.



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