

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

In the Matter of
TAMARACK FUNDING CORPORATION,
GARRY P. ISAACS, and
MARK CHAMBERLAIN,

PETITION FOR ORDER

Respondents.

File No. S-01114(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. Tamarack Funding Corporation ("Tamarack") is, upon information and belief, a Texas and Florida corporation, with a last known business address of 114 North Commercial, Branson, Missouri 65616.
2. Garry P. Isaacs ("Isaacs") is an individual who at all times material hereto has been president and chief executive officer of Tamarack, with a last known business address at that of Tamarack.
3. Mark Chamberlain ("Chamberlain") is an individual who at all times material hereto has been an agent of Tamarack and Isaacs, with a last known business address at that of Tamarack.
4. During the period of 1999, Chamberlain, on behalf of Tamarack and Isaacs, offered and sold to at least one person in Wisconsin investments in automobile receivables labeled as a promissory note.
5. Upon information and belief, and pursuant to investment-related materials received by the investor in Wisconsin, Tamarack would use funds of investors to purchase retail automobile installment loan contracts, and would manage, administer, and collect each receivable
6. Pursuant to investment-related materials received by the investor in Wisconsin, the investment funds of investors would be 100% "collateralized."
7. Because the investors' expectations of profits are dependant upon the essential managerial efforts of someone other than the investors, the investments sold by the Respondents are "investment contract" securities as defined by DFI-Sec 1.02(6)(a), Wis. Adm. Code.
8. The investments offered and sold by the Respondents are securities as defined by sec. 551.02(13), Wis. Stats.
9. The investment contract securities have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.
10. All Respondents have violated sec. 551.21(1), Wis. Stats., by offering unregistered securities in Wisconsin.

11. In connection with the offer and sale of the securities described above, Chamberlain transacted business in Wisconsin as an "agent" for Tamarack and Isaacs, as that term is defined by sec. 551.02(2), Wis. Stats.
12. At no time has Chamberlain been licensed as a securities agent pursuant to Ch. 551, Wis. Stats.
13. Chamberlain has violated sec. 551.31(1), Wis. Stats., by transacting business in Wisconsin as a securities agent without a license.
14. Tamarack and Isaacs have violated sec. 551.31(2), Wis. Stats., by employing an unlicensed agent to represent them in Wisconsin.
15. Upon information and belief, the United States Securities & Exchange Commission ("the SEC") filed civil fraud charges on or about May 31, 2000, in the United States District Court, for the Southern District of Florida, Civil Action Number 00-6730, S.D. Florida, which among other things, charged Tamarack and Isaacs with raising approximately \$4.7 million from at least 125 investors nationwide by offering and selling unregistered securities in the form of interest-bearing promissory notes. The SEC's complaint alleged that from July 1995 to February 2000, Tamarack and Isaacs knowingly or recklessly made material false and misleading representations in the offer and sale of the promissory notes in that investors were told that their funds would be used to purchase retail automobile installment loan contracts and that their investment would be 100% collateralized. Contrary to those representations, the SEC's complaint alleged that investments were not fully collateralized, as only \$1.4 million was actually used by Tamarack to purchase vehicle loans, and the remaining investor funds were used to pay Tamarack's operating costs and unrelated expenses. The SEC's complaint also alleged that Tamarack used some of the money of new investors to repay interest to existing investors, and was thereby engaged in a Ponzi scheme. On September 20, 2000, the U.S. District Court for the Southern District of Florida entered into a final judgement of permanent injunction against Tamarack and Isaacs for fraud and for selling unregistered securities.
16. In connection with the offer and sale of the securities described in Paragraph 4., the Respondents represented that the promissory notes were fully collateralized, as referred to in Paragraph 6., when in fact the promissory notes were not fully collateralized.
17. All Respondents have violated sec. 551.41(2), Wis. Stats., by making an untrue statement of a material fact in connection with the offer and sale of securities to a person in Wisconsin.
18. Upon information and belief, in connection with the offer and sale of the securities described in Paragraph 4., Tamarack used money of the investors for purposes other than to purchase retail automobile loan contracts, as represented to investors in the offer and sale of the promissory notes, including using money from new investors to repay interest to existing investors in the manner of a Ponzi scheme.
19. Tamarack and Isaacs have violated sec. 551.41(3), Wis. Stats., by engaging in an act, practice or course of business which operates or would operate as a fraud or deceit upon any person, in connection with the offer and sale of securities to a person in Wisconsin.
20. The staff of the Enforcement Unit wrote to Isaacs at Tamarack with a letter dated May 31, 2001, to inquire of the firm's securities-related activities with persons in Wisconsin, giving a due date of two weeks from the date of the letter, but to date has received 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 9-21-01

Mark E. Dorman
Examiner
Enforcement Unit

Date



9/24/01

David A. Cohen
Supervising Attorney
Enforcement Unit

Date