

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

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In the Matter of  
PAUL H. TAPPER,

PETITION FOR ORDER

Respondent.

File No. S-01001(EX)

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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. Paul H. Tapper ("Tapper") is an individual, whose date of birth is May 16, 1958, who at all times material hereto has been a director and controlling person of the Bacon Investment Club ("Bacon"), with a last known personal address at that of 3532 Indian Trail, Racine, WI 53402.
2. During the period of 1999 through 2000, Tapper, on behalf of Bacon, offered and sold to about 100 persons in Wisconsin what purportedly were interests in investments pooled with other investors of Bacon.
3. Pursuant to oral representations in the offerings received by persons in Wisconsin, Bacon was to engage in the business of being an investment club, in which Tapper was to make investments with the money of investors through a pooling of the money of investors.
4. Upon information and belief, investors in Bacon did play a passive role in the entity with no duties and responsibilities.
5. Upon information and belief, each investor would not be involved in the day-to-day management of Bacon, since Tapper was going to make all the investment decisions, there were too many investors for them to each have any meaningful input, and they did not have the expertise or experience necessary to perform its duties.
6. Since the investors would be involved in a common enterprise with the expectation of profits to be derived from the essential managerial efforts of others, the investment club interests offered by Tapper 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 Bacon investment club interests were never registered for sale in Wisconsin pursuant to Ch. 551, Wis. Stats.
8. The actions of Tapper as described above, constitute a violation of sec. 551.21, Wis. Stats.
9. The actions of Tapper as described above, constitute effecting transactions in securities for the account of others.
10. At no time has Tapper been licensed as a broker-dealer pursuant to Ch. 551, Wis. Stats.

