

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

In the Matter of
BLACKWOLF HOLDINGS, LLC,
GERALD J. "JAY" STOCK, and
KEVIN W. LYNDS,

PETITION FOR ORDER

Respondents.

File No. S-02002(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. Blackwolf Holdings, LLC (hereinafter referred to as "Blackwolf") is upon information and belief a Nevada business entity with a last known business address at 2525 Washington Street, Manitowoc, Wisconsin 54220;
2. Gerald J. "Jay" Stock (hereinafter referred to as "Stock") is an individual, who, upon information and belief, at all times material hereto, was an owner and controlling person of Blackwolf;
3. Stock, who has a date of birth of January 1, 1967, was previously licensed as a securities agent by the Division of Securities from 1993 to 1999, and has a CRD number of 2369601, and has a last known home address at 851 Summit Street, Manitowoc, Wisconsin 54220;
4. Kevin W. Lynds (hereinafter referred to as "Lynds") is an individual, who, upon information and belief, at all times material hereto, was an owner and controlling person of Blackwolf;
5. Lynds, who has a date of birth of August 14, 1957 and a CRD number of 1744609, was licensed as a securities agent from 1988 to 1999 in Texas and has a last known home address at 2036 Peachtree Lane, Wichita Falls, Texas 76308;
6. Upon information and belief, during the period of 2000, Stock and Lynds, on behalf of Blackwolf, offered and sold to at least one person in Wisconsin interests in so-called "High Yield Trading Programs" one named Intercoastal Group LLC and one named Intercoastal Group II LLC (hereinafter referred to as "the Programs");
7. According to copies of documents of the Programs, provided to a person in Wisconsin who invested in the Programs, entitled "Operating Agreement," "...The business affairs of the Company shall be managed by ...Blackwolf ...;"
8. Upon information and belief, investors can play a passive role in the Programs with no duties and responsibilities;
9. Each investor will not be involved in the day-to-day management of the Programs, since there is a manager who has "sole and exclusive power and discretion of management and control;"
10. Since the investors will be involved in a common enterprise with the expectation of profits to be derived from the essential managerial efforts of others, the investments in the

Programs offered by the respondents 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.;

11. The investment contracts have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.;

12. All Respondents have violated sec. 551.21(1), Wis. Stats., by offering and selling unregistered securities in Wisconsin; and

13. The Staff of the Division of Securities sent inquiry letters to Stock dated January 2, 2002, and to Lynds dated January 4, 2002, for information and documents concerning their securities-related transactions with persons in Wisconsin, but to date have received no response, and the Administrator of the Division issued a subpoena to Stock, which was served on Stock, but he did not appear pursuant to the terms of the subpoena on February 8, 2002.

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.

 3-6-02

Mark E. Dorman
Examiner
Enforcement Unit

Date

 3/6/02

David A. Cohen
Supervising Attorney
Enforcement Unit

Date