

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

In the Matter of
HEALTH MAINTENANCE CENTERS, INC.,
KEVIN L. LAWRENCE,
KEVIN JAMES MCCARTHY, and
THOMAS J. KRUEGER,

PETITION FOR ORDER

Respondents.

File No. S-01210(EX)

The staff of the Bureau of Registration & Enforcement, Division of Securities, Department of Financial Institutions, State of Wisconsin has conducted an investigation in this matter pursuant to §551.56, Wis. Stats., and as a result thereof alleges as follows:

1. Upon information and belief, Health Maintenance Centers, Inc. (“HMC”) is a Washington corporation with last known business addresses of 175 Parfitt Way SW, Suite 200N, Bainbridge Island, Washington 98110-1814 and 190 Madison, Bainbridge Island, Washington 98110-1814;
2. Upon information and belief, Kevin L. Lawrence (DOB September 8, 1965, CRD #2023445) (“Lawrence”) is the chief executive officer, president and founder of HMC, with a last known home address of 11150 Wing Point Drive, Bainbridge Island, Washington 98110, and last known business addresses at HMC;
3. Upon information and belief, Kevin James McCarthy (DOB March 29, 1963) (“McCarthy”) is an employee of HMC in Investor Relations, with a last known home address of 17410 102nd Ave NE, Bothell, Washington 98011, and last known business address at HMC;
4. Upon information and belief, Thomas J. Krueger (DOB May 31, 1959, CRD #1341224) (“Krueger”) is an individual with a last known home address at 1 Madeline Island, Madison, Wisconsin 53719, and who was licensed as a securities agent in Wisconsin from July, 1985 until April 12, 2001;
5. According to testimony and documents provided by Krueger, during at least February and March, 2001, Krueger, on behalf of HMC, Lawrence and McCarthy, offered and sold investments in stock of HMC to at least six persons in Wisconsin;
6. The investments in stock of HMC as described above are securities as that term is defined by DFI-Sec 1.02(6)(a), Wis. Adm. Code, and are therefore securities pursuant to §551.02(13)(a), Wis. Stats.;
7. According to testimony and documents provided by Krueger, during the period of at least May and June, 2001, Krueger, on behalf of HMC and Lawrence, offered and sold investments in promissory notes of HMC to at least seven persons in Wisconsin;
8. The investments in promissory notes of HMC as described above are securities as that term is defined by DFI-Sec 1.02(6)(a), Wis. Adm. Code, and are therefore securities pursuant to sec. §551.02(13)(a), Wis. Stats.;
9. The promissory note securities of HMC have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.;

