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

In the Matter of
CHARLES R. KEARNS,
STEVEN J. REIMER,
THOMAS J. KRUEGER,
BRIAN G. SUMPTION, and
GARY E. ZINCK,

Respondents.

PETITION FOR ORDER

File No. S-00120(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 sec. 551.56, Wis. Stats., and as a result thereof alleges as follows:

1. Upon information and belief, Charles R. Kearns (DOB May 7, 1947) ("Kearns") is an individual with a last known address of 765 Harmony Street, Lebanon, Oregon 97355-4081, and who at all times material hereto was an owner, officer, and/or a controlling person of Nendels Corporation;

2. Upon information and belief, Steven J. Reimer (DOB July 7, 1957, CRD # 1310818) ("Reimer") is an individual with a last known address of 16715 NW 197th Avenue, Brush Prairie, Washington 98606, and who at all times material hereto was an owner, officer, and/or a controlling person of CenterPointe Marketing, Inc.;

3. 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;

4. Upon information and belief, Brian G. Sumption (DOB September 21, 1955, CRD #1202243) ("Sumption") is an individual with a last known home address at 130 W. Court Street, PO Box 89, Richland Center, Wisconsin 53581, and who at all times material hereto was licensed as a securities agent in Wisconsin from June 1993 to March 2000;

5. Upon information and belief, Gary E. Zinck (DOB March 13, 1947, CRD #2377670) ("Zinck") is an individual with a last known home address at 2924 East Laudon Road, Lone Rock, Wisconsin 53556, and who at all times material hereto was licensed as a securities agent in Wisconsin from June 1993 to July 1998;

6. Upon information and belief, Kearns had a role in CenterPointe Marketing, Inc. and Reimer had a role in Nendels Corporation;

7. Upon information and belief, during the period of at least 1996 and 1997, Krueger, on behalf of Kearns and/or Reimer, offered and sold to at least 32 persons in Wisconsin notes of Nendels Corporation, CenterPointe Marketing, Inc. and/or C.R. Kearns, in the aggregate amount of $1,142,000, for which he received compensation;

8. Upon information and belief, during the period of at least 1996 and 1997, Sumption, on behalf of Kearns and/or Reimer, offered and sold to at least 60 persons in Wisconsin notes of Nendels Corporation, CenterPointe Marketing, Inc. and/or C.R. Kearns, in the aggregate amount of $1,454,013, for which he received compensation;

9. Upon information and belief, during the period of at least 1996 and 1997, Zinck, on behalf of Kearns and/or Reimer, offered and sold to at least 51 persons in Wisconsin notes of Nendels Corporation, CenterPointe Marketing, Inc. and/or C.R. Kearns, in the aggregate amount of $753,753, for which he received compensation;

10. The investments in the notes of Nendels Corporation, CenterPointe Marketing, Inc. and/or C.R. Kearns as described above are securities as that term is defined by sec. 551.02(13)(a), Wis. Stats.;

11. The notes of Nendels Corporation, CenterPointe Marketing, Inc. and C.R. Kearns, as described above, have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.;

12. Kearns, Reimer, Krueger, Sumption and Zinck have violated sec. 551.21(1), Wis. Stats., by offering and selling unregistered securities to persons in Wisconsin;

13. In connection with the offer and sale of the securities described in Paragraph 7 above, Krueger transacted business in Wisconsin as an "agent" for Kearns and Reimer, as that term is defined by sec. 551.02(2), Wis. Stats.;

14. In connection with the offer and sale of the securities described in Paragraph 8 above, Sumption transacted business in Wisconsin as an "agent" for Kearns and Reimer, as that term is defined by sec. 551.02(2), Wis. Stats.;

15. In connection with the offer and sale of the securities described in Paragraph 9 above, Zinck transacted business in Wisconsin as an "agent" for Kearns and Reimer, as that term is defined by sec. 551.02(2), Wis. Stats.;

16. Upon information and belief, Krueger effected these securities transactions off the regular books or records of the broker-dealer which the agent represents, without disclosing the transactions and obtaining written authorization from the broker-dealer prior to the execution of the transactions, as described in Paragraph 7 above, which is deemed a "dishonest or unethical business practice" or "taking unfair advantage of a customer" by an agent, which provides a basis, pursuant to sec. 551.34(1)(g), Wis. Stats., for the censure of a licensee;

17. Upon information and belief, Sumption effected these securities transactions off the regular books or records of the broker-dealer which the agent represents, without disclosing the transactions and obtaining written authorization from the broker-dealer prior to the execution of the transactions, as described in Paragraph 8 above which is deemed a "dishonest or unethical business practice" or "taking unfair advantage of a customer" by an agent, which provides a basis, pursuant to sec. 551.34(1)(g), Wis. Stats., for the censure of a licensee;

18. Upon information and belief, Zinck effected these securities transactions off the regular books or records of the broker-dealer which the agent represents, without disclosing the transactions and obtaining written authorization from the broker-dealer prior to the execution of the transactions, as described in Paragraph 9 above which is deemed a "dishonest or unethical business practice" or "taking unfair advantage of a customer" by an agent, which provides a basis, pursuant to sec. 551.34(1)(g), Wis. Stats., for the censure of a licensee;

19. Kearns and Reimer have violated sec. 551.31(2), Wis. Stats., by employing an unlicensed agent to represent them in Wisconsin;

20. Upon information and belief, the notes of Nendels Corporation, CenterPointe Marketing, Inc. and C.R. Kearns, referred to in Paragraphs 7 through 9 above, are in default, without repayment to the persons in Wisconsin who invested in the notes but for a few exceptions; and

21. Upon information and belief, Reimer was found guilty by a jury on December 11, 1998, in US District Court for the Eastern District of Washington, case #97CR00230-001, of eight counts of mail fraud, two counts of interstate transportation of money obtained by fraud, and one count of conspiracy to defraud, for which Reimer was sentenced on October 13, 1999, to 41 months in prison, three years of post-prison supervised release, and restitution of $2,411,440 to be repaid over a 20-year period, for a scheme in which Reimer was the vice president of a firm named Churchill Companies, that was engaged in the sale of promissory notes, or "bridge financing" for several companies in the northwestern part of the United States.

Therefore, the staff of the Bureau of Registration & Enforcement petitions the Administrator of the Division of Securities for the issuance of the attached Order pursuant to Ch. 551, Wis. Stats.

JUNE 18, 2002

Mark E. Dorman — Date
Examiner

David A. Cohen — 6/19/02 — Date
Supervising Attorney

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