

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

In the Matter of
JACK HOMER PAULSEN, HAROLD
LEE PAULSEN, CHAD IRVING MISHLEAU,
NEIL IRVING MISHLEAU and
NORTH AMERICAN RESOURCES, INC.,

PETITION FOR ORDER
(SUMMARY)

Respondents.

File No. S-01063(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. Jack Homer Paulsen (“JHPaulson”) is an individual, with a last known address of N5829 County Road H, De Pere, WI 54115.

2. Harold Lee Paulsen (“HLPaulson”) is an individual, with a last known address of N5729 Lambie Road, DePere, WI 54115.

3. Chad Irving Mishleau (“CIMishleau”) is an individual, with a last known address of Medford, Wisconsin.

4. Neil Irving Mishleau (“NIMishleau”) is an individual, with a last known address of W1124 Town Road, De Pere, WI 54115.

5. North American Resources, Inc, (“NAR”) is a foreign business entity, with a last known business address of P.O. Box 806, Independence, Kansas 67301.

6. JHPaulson at all times material hereto has been Treasurer of NAR.

7. HLPaulson at all times material hereto has been President of NAR.

8. CIMishleau at all times material hereto has been Chief Financial Officer of NAR.

9. NIMishleau at all times material hereto has been Secretary of NAR.

10. On or about December 5, 2000, JHPaulson offered and sold to at least one person in Wisconsin the opportunity to invest in a fund for the purpose of developing oil and gas leases in NAR by way of a business opportunity proposal with NAR (“Proposal”).

11. The Proposal provided to the person in Wisconsin and statements made by JHPaulson to the person in Wisconsin promised a return of one percent (1%) of his investment every month and return of his investment within twelve (12) to eighteen (18) months.

12. Based on the investment of \$5,000, the person in Wisconsin was to receive \$50 a month and return of his original \$5,000 no later than June 5, 2002.

13. The person in Wisconsin has not received interest payments of the amount promised and the repayment of principal is now in default.

14. Pursuant to the offering materials received by the person in Wisconsin, investors will play a passive role in the Program, with all duties and responsibilities being performed by persons other than the investor.

15. 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 investment offered by the Respondents is an investment contract as defined by DFI-Sec 1.02(6)(a), Wis. Adm. Code, and is therefore a security as defined by sec. 551.02(13), Wis. Stats.

16. The investment described in paragraphs 10-12 above constitutes a security as that term is defined in sec. 551.02(13)(a), Wis. Stats.

17. The security described in paragraphs 10-12 above has never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.

18. Respondents have violated sec. 551.21(1), Wis. Stats., by offering unregistered securities in Wisconsin.

19. On April 13, 1979, JHPaulson was the subject of an Order of Prohibition and Revocation from making or causing to be made to any person or entity in Wisconsin any offers or sales of securities unless and until such securities were registered or exempted from registration.

20. On January 30, 1987, JHPaulson was the subject of a Consent Order of Prohibition from making or causing to be made to any person or entity in Wisconsin any offers or sales of securities unless and until such securities were registered or exempted from registration.

21. JHPaulson failed to disclose to the person in Wisconsin he was the subject of the Orders listed in paragraphs 19 and 20 above.

22. By making an offer and sale of a security to a person in Wisconsin and failing to disclose to that he was the subject of the Orders listed in paragraphs 19 and 20 above, JHPaulson has violated the Orders named in paragraphs 19 and 20 above.

23. According to the Orders listed in paragraphs 19 and 20 above, the offer and sale of a security by Respondent JHPaulson is a criminal offense punishable under the provisions of sec. 551.58, Wis. Stats.

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.

Kathryn L. Denton 12/4/02
Kathryn L. Denton Date
Examiner
Enforcement Unit

David A. Cohen 12/4/02
David A. Cohen Date
Supervising Attorney
Enforcement Unit