

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

In the Matter of
LOTUS MANAGEMENT,
LARRY HALL aka BUD RILEY,
LAUREN R. POOL,
SARA HEESAKER, and
KAY MARIE GEURTS,

PETITION FOR ORDER

Respondents.

File No. S-03154(EX)

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

1. Lotus Management is a foreign business entity with a last known business address of 1110 S. Alma Road, Suite 5-240, Mesa, Arizona 85210;
2. Larry Hall aka Bud Riley ("Riley") is an individual, with a date of birth of August 16, 1941, who at all times material hereto has been an owner, officer, and/or controlling person of Lotus Management, with a last residence address at that of 884 Mound Street St. Paul, MN 55106;
3. Lauren R. Pool ("Pool") is an individual who at all times material hereto has been an owner, officer and/or controlling person of Lotus Management, with a last known residence address at that of 5920 High Street, Rockford, Minnesota 55373;
4. Sara Heesaker ("Heesaker") is an individual who at all times material hereto has been an agent of Lotus Management, Riley and Pool, with a last known residence address at that of 608 Teal Court, De Pere, Wisconsin 54115;
5. Kay Marie Geurts ("Geurts") is an individual who at all times material hereto has been an agent of Lotus Management, Riley and Pool, with a last known residence address at that of 3155 Inverness Lane, New Franken, Wisconsin 54229;
6. During the period of at least 1999 and 2000, Heesaker and Geurts, on behalf of Lotus Management, Riley and Pool, offered and sold to at least seven persons in Wisconsin interests in a foreign currency trading program of Lotus Management in which investors were to get a 100% return on investment in a certain period of time, with a return of the principal invested;
7. Upon information and belief, investors were to play a passive role in the investment with no duties and responsibilities;
8. Upon information and belief, each investor will not be involved in the day-to-day management of Lotus Management, since investors were told in the offer that other parties would do the trading of the foreign currency;

9. 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 Lotus Management interests offered and sold 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.;

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

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

12. Upon information and belief, in connection with the offers and sales of the securities described above, Heesaker and Geurts transacted business in Wisconsin as an "agent" for Lotus Management, Riley and Pool, as that term is defined by sec. 551.02(2), Wis. Stats.;

13. At no time have Heesaker and Geurts been licensed as a securities agent pursuant to Ch. 551, Wis. Stats.;

14. Heesaker and Geurts have violated sec. 551.31(1), Wis. Stats., by transacting business in Wisconsin as a securities agent without a license;

15. Lotus Management, Riley and Pool have violated sec. 551.31(2), Wis. Stats., by employing an unlicensed agent to represent them in Wisconsin;

16. On June 27, 2003, the Alaska Division of Securities issued Order # 03-10 S against Lotus Management, Bud Riley, Loren Poole, and others;

17. On July 30, 2003, the United States District Court, Western District of Washington, entered a Judgment in a Criminal Case # CR01-00100R-001, against Larry Hall for one count of Mail Fraud, following his having pled guilty to the Information filed on March 19, 2001, in an unrelated matter;

18. The staff of the Division of Securities wrote to the respondents asking for details of their securities-related activities with persons in Wisconsin but received no response; and

19. The Administrator of the Division of Securities issued subpoenas to Heesaker and Geurts for their testimony and documents in this matter but they failed to appear and to otherwise provide their testimony and documents.

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.

 9-4-03

Mark E. Dorman Date
Examiner

 9/4/03

David A. Cohen Date
Supervising Attorney