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

In the Matter of MARK F. MUDGETT and ROSS/PENNYWISE INVESTMENT CLUB, Respondents.	PETITION FOR ORDER (SUMMARY) File No. S-03092(EX)

The staff of the Bureau of Registration and Enforcement 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. Mark F. Mudgett ("Mudgett") is an individual, with a last known address of 6529 St. Linden Circle, Windsor, Wisconsin 53598.

2. Ross/Pennywise Investment Club ("RPIC")is a business entity, with a last known business address of 6529 St. Linden Circle, Windsor, Wisconsin 53598.

3. Mudgett at all times material hereto has been club manager of RPIC.

4. On or about July 5, 2002, Mudgett offered and sold to at least one person in Wisconsin the opportunity to invest in the RPIC investment club.

5. Upon information and belief, the Wisconsin investor received from Mudgett a Membership Status Notice including the Outline of Basic Agreement for Membership ("Notice") which stated members provide the day to day working capital that constitute trade margins as required under law by the exchanges and the club manager assumes the provision of daily risk management, the working capital would earn a 20% APR or 1.66% per month, and the earnings are payable as fits member needs and working capital can be removed from time to time on a basis of 48 hour notice in part or in total.

6. Upon information and belief, on July 5, 2002, the Wisconsin investor gave Mudgett in Dane County, Wisconsin a check in the amount of $25,000 for the purpose of investing in RPIC.

7. 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.

8. 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.

9. The investment described above constitutes a security as that term is defined in sec. 551.02(13)(a), Wis. Stats.

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

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

12. The Wisconsin investor only received two interest payments of $410, and in January or early February of 2003, asked Mudgett for full return of his investment.

13. Mudgett informed the Wisconsin investor he could not return the investment until after probate was completed on his mother's will and that all accounts were frozen.

14. Mudgett did not tell the Wisconsin investor that monies would be used for purposes other than investment in RPIC.

15. Respondents have violated sec. 551.41(2), Wis. Stats., by omitting to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

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

Kathryn L. Denton 7/24/03

Kathryn L. Denton — Date
Examiner
Enforcement Unit

7/24/03

David A. Cohen — Date
Supervising Attorney
Enforcement Unit