

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

In the Matter of
PAUL H. LEVINSON,

Respondent.

PETITION FOR ORDER
(CONSENT)

File No. S-03238(FX)

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. Paul H. Levinson ("Levinson") is an individual, with a last known address of 2018 McKenna Boulevard, Madison, Wisconsin 53711.

2. Lawrence J. Blomberg ("Blomberg") is an individual, with a last known address of 113 Nautilus Drive, Madison, Wisconsin 53705.

3. Ray Muratori ("Muratori") is an individual, with a last known address of 457 Stanley Drive, Glastonbury, Connecticut 06033.

4. Lemon Stop Associates, Inc., a/k/a Lemon Stop, Inc. ("Lemon Stop") is a Wisconsin corporation, with a last known address of 113 Nautilus Drive, Madison, Wisconsin 53705.

5. Upon information and belief, at all times material hereto, Levinson has been Vice President of Lemon Stop.

6. Upon information and belief, at all times material hereto, Blomberg has been President of Lemon Stop.

7. Upon information and belief, at all times material hereto, Muratori has been Secretary and Treasurer of Lemon Stop.

8. Upon information and belief, on September 21, 2002, Levinson and Blomberg, on behalf of Lemon Stop, sold a person in Dane County, Wisconsin a "business opportunity" in Lemon Stop.

9. Upon information and belief, the person in Wisconsin signed an Area Director Application ("Application") that stated he would be the Dane County Director for Lemon Stop. The Area Fee was stated as \$30,000 on the application, with \$14,000 cash paid by the Wisconsin resident to Levinson at the time of the meeting on September 21, 2002. The Application further stated that the person in Wisconsin would pay the remaining \$16,000 by way of a 40% hold back of all station fees and commissions earned by him as Area Director of Lemon Stop until said \$16,000 is paid off with an 18-month limit.

10. Upon information and belief, the Application stated that the person in Wisconsin would receive \$500 for each inspection station opened and as well the person would be paid a 20% commission on all Lemon Stop and Ahh! Fresh products sold in Dane County, Wisconsin.

11. Upon information and belief, the person in Wisconsin was to sign an Independent Contractor Agreement (“Agreement”) within one week of the date of the application.

12. Upon information and belief, Levinson and Blomberg gave the person in Wisconsin a document entitled “County Director Profit Picture” which stated the County Director would have the potential to earn \$50,688.00 a year from opening Lemon Aid Stations in Dane County.

13. Upon information and belief, the “business opportunity” sold to the person in Wisconsin gave that person the right to use the trade names and trademarks of Lemon Stop, the person in Wisconsin made a down payment of \$14,000 of the total fee of \$30,000 for the right to operate a business using the names Lemon Stop, and the person in Wisconsin was to follow a prescribed marketing plan in the inspection of vehicles at Lemon Stop centers.

14. The “business opportunity” described above is a franchise as defined by sec. 553.03(4), Wis. Stats., and has never been registered for sale in Wisconsin pursuant to Ch. 553, Wis. Stats.

15. Respondents have violated sec. 553.21, Wis. Stats., by selling an unregistered franchise in Wisconsin.

16. Upon information and belief the person in Wisconsin was told that Levinson and Blomberg had contacted an area business and an area hospital that were interested in the products and services.

17. Upon information and belief, the business Levinson and Blomberg supposedly contacted was provided information but never responded to the solicitation for business.

18. Upon information and belief, a memo from Blomberg to a person by the name of Charlie dated July 30, 2002 stated as follows: “Hospital test are not panning out!” The date of this memo is before the person in Wisconsin was sold the business opportunity.

19. Upon information obtained from court records, numerous judgments have been filed against Levinson, some of which had not been paid at the time of the sale of the business opportunity to the Wisconsin resident.

20. Upon information and belief, the fact that Levinson was responsible for payment of judgments was not disclosed to the Wisconsin resident at the time of the sale of the business opportunity.

21. Respondents have violated sec. 553.41, Wis. Stats., by selling to a person in this state by means of any written or oral communication that includes an untrue statement of a material

fact or omits 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. 553, Wis. Stats.

Kathryn L. Denton 8/31/04
Kathryn L. Denton Date
Examiner

David A. Cohen 9/3/04
David A. Cohen Date
Supervising Attorney