

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

In the Matter of

TRANSCONTINENTAL, LTD.,
and JANICE COLLINS,

PETITION FOR ORDER

File No. S- 02162 (EX)

Respondents.

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

1. Transcontinental, Ltd., ("Transcontinental") is a foreign business entity with a last known business address of Suite 679 Main Street, Charleston, Nevis, West Indies.

2. Janice Collins ("Collins") is an individual who at times material hereto has been a sales agent of Transcontinental, with a last known business address at Suite 679 Main Street, Charleston, Nevis, West Indies.

3. From November 9, 1999 until at least November 8, 2002, Collins, on behalf of Transcontinental, contacted at least one person in Wisconsin by telephone and offered and sold United Kingdom Premium Bonds to be held by Transcontinental to at least one person in Wisconsin on two occasions.

4. The Wisconsin investor referred to above had no pre-existing relationship with either of the Respondents and the telephone contact was unsolicited.

5. Upon information and belief, investors rely on the efforts of Transcontinental to generate a profit on their investment, and have no duties and responsibilities regarding the investment.

6. 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 United Kingdom Premium Bonds to be held by Transcontinental offered by the Respondents constitute investment contracts as defined by DFI-Sec. § 1.02(6)(a), Wis. Admin. Code, and are therefore securities as defined by § 551.02(13), Wis. Stats.

7. Neither the Transcontinental investment contracts nor the United Kingdom Premium Bonds have ever been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats., and in fact the issuer of the bonds, National Savings & Investments, prohibits the sale of these bonds to United States residents.

8. The Respondents have violated § 551.21(1), Wis. Stats., by offering unregistered securities to an individual in Wisconsin.

9. In connection with the offer of the securities described above, Transcontinental transacted business in Wisconsin as a "broker-dealer," as that term is defined by § 551.02(3), Wis. Stats.

10. At no time has Transcontinental been licensed as a securities broker-dealer pursuant to Ch. 551, Wis. Stats.

11. Respondent Transcontinental has violated § 551.31(1), Wis. Stats., by transacting business in Wisconsin as a broker-dealer without a license.

12. In connection with the offers of the securities described above, Collins transacted business in Wisconsin as an "agent" for Transcontinental, as that term is defined by § 551.02(2), Wis. Stats.

13. At no time has Collins been licensed as a securities agent pursuant to Ch. 551, Wis. Stats.

14. Collins has violated § 551.31(1), Wis. Stats., by transacting business in Wisconsin as a securities agent without a license.

15. Transcontinental has violated § 551.31(2), Wis. Stats., by employing an unlicensed agent to represent it in Wisconsin.

16. In failing to disclose to the Wisconsin investor that sales to United States residents were prohibited by the issuer, the Respondents have violated § 551.41(2), Wis. Stats., by omitting a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, in connection with the offer and sale of securities to persons in Wisconsin.

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 Chapter 551, Wis. Stats.

Harold Grothman 1/6/04
Harold Grothman Date
Staff Attorney
Bureau of Registration & Enforcement