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

In the Matter of
CK RECORDS, INC., and
JOHN W. CHAPMAN,

Respondents,

PETITION FOR ORDER

File No. S-04189(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 § 551.56, Wis. Stats., and as a result thereof alleges as follows:

1. CK Records, Inc. is a Wisconsin corporation with a last known business address at W359 N5740 Brown Street, Oconomowoc, Wisconsin 53066;

2. John W. Chapman ("Chapman") is an individual with a date of birth of June 18, 1958, with a last known business address at that of CK Records, Inc., and last known home address of 1225 Lily Road, Oconomowoc, Wisconsin 53066;

3. Upon information and belief, at all times material hereto, Chapman has been an owner, officer and/or the controlling person of CK Records, Inc.;

4. According to documents, provided by Chapman through his legal counsel, during the period of at least 2002 to 2004, Chapman offered and sold from Wisconsin to at least 20 persons, who reside in Wisconsin and elsewhere, oral and written evidences of indebtedness of Chapman and/or CK Records, Inc. in the aggregate amount of at least $598,930, in which Chapman promised to pay a certain amount of interest, and to repay the principal;

5. The oral and written evidences of indebtedness as described in Paragraph 4 above are securities as defined by sec. 551.02(13(a), Wis. Stats., and have never been registered under Ch. 551, Wis. Stats., for their offer and sale in Wisconsin;

6. According to statements of investors to staff of the Wisconsin Division of Securities, during the offers and sales to some of the investors, described in Paragraph 4 above, Chapman failed to inform at least some of the investors, that Chapman had defaulted on repayment of loans to previous investors;

7. By engaging in the conduct as described in Paragraphs 4 and 6 above, Chapman, in connection with the offers and sales of securities to at least some of the persons, omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in violation of sec. 551.41(2), Wis. Stats.;

8. According to statements of Chapman to staff of the Wisconsin Division of Securities, Chapman has not repaid to some of the persons, as described in Paragraph 4 above, the principal and/or interest for the oral and written evidences of indebtedness, despite the due date having passed;

9. According to statements of Chapman to staff of the Division of Securities, Chapman expended the money of at least some of the persons, as described in Paragraph 4 above, for loan closing costs to secure loan proceeds from a source named Williams and Associates International, for Chapman to purchase and operate businesses, including a wind energy project, but Chapman has received no such loan money and has learned that the Federal Bureau of Investigation has become involved in an investigation relating to Williams and Associates International;

10. According to a press release dated November 3, 2004, of the United States Attorney, Southern District of New York, the controlling person of Williams and Associates International was charged in a Complaint with conspiracy to commit wire fraud, involving an advance fee loan scheme, following an investigation by the Federal Bureau of Investigation;

11. According to statements made by a person to staff of the Wisconsin Division of Securities, during the period of 2002 to 2004 the person made numerous loans, with at least some made in Wisconsin, to Chapman and on Chapman's behalf, and that Chapman made oral representations to repay the principal, and pay interest at the annual rate of 10 percent;

12. According to statements made by the person, as described in Paragraph 11 above, before making the loans to Chapman and on Chapman's behalf, the person received no information about Chapman having borrowed money from others, or that Chapman had defaulted on repayment of at least some of the loans;

13. Based upon statements of Chapman to government investigators in 2002, during the period of 2001, Chapman borrowed $186,000 from persons Chapman described as friends;

14. According to Chapman, Chapman was to repay the persons, as described in Paragraph 13 above, upon receiving $450,000 in financing from a certain "non-conventional financing" scheme, in which Chapman admitted to the government investigators in April 2002 that he was defrauded, and to whom Chapman said he had learned his lesson from that experience;

15. Upon information and belief, Chapman did not repay at least some of the persons as described in Paragraph 13 above;

16. Upon information and belief, in the offer and sale of the securities, as described in Paragraph 4 above, Chapman did not inform at least some of those persons that Chapman had been previously defrauded in a similar "non-conventional financing" scheme described in Paragraph 14 above;

17. By engaging in the conduct as described in Paragraphs 13 to 16 above, Chapman, in connection with the offers and sales of securities to the persons, as described in Paragraph 4 above, omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in violation of sec. 551.41(2), Wis. Stats.; and

18. Staff of the Division of Securities requested of Chapman, pursuant to a subpoena issued by the Wisconsin Division of Securities to Chapman, information and documents of his securities-related transactions with persons but Chapman refused by invoking his Fifth Amendment Right under the U.S. Constitution.

Therefore, the staff of the Division of Securities petitions the Administrator of the Division of Securities for the issuance of the attached Order pursuant to Ch. 551, Wis. Stats.

1-28-05

Mark E. Dorman — Date
Examiner

1/28/05

David A. Cohen — Date
Supervising Attorney