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

In the Matter of
MELIORATIONS MANAGEMENT TEEM,
JOHN W. ZIDAR,
DAVID EDEL,
BARBARA ENGSTROM,
EDGARDO ESPIRITU
SHARON HALL,
THOMAS J. KRIZMAN,
MYRON THORICK,
KENNETH WEBB, and
KURT WITTMAYER,

PETITION FOR ORDER

Respondents.

File No. S-04269(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. Meliorations Management Teem (sic) is a foreign business entity with a last known business address of P.M.B. 124, 718 Griffin Avenue, Enumclaw, Washington 98022-3462;

2. John W. Zidar ("Zidar") is an individual with CRD #11012602, who at all times material hereto has been an owner, officer and controlling person of Meliorations Management Teem, with a last known business address at that of Meliorations Management Teem and a last known residence in Gardnerville, Nevada;

3. David Edel ("Edel") is an individual who at all times material hereto has been an agent of Zidar, with a last known home address at that of 6384 Huntington Lakes Circle, #201, Naples, Florida 34119-8973;

3. Barbara Engstrom ("Engstrom") is an individual who at all times material hereto has been an agent of Zidar, with a last known home address at that of 3755 Avocado Boulevard, #402, La Mesa, California 91941;

4. Edgardo Espiritu ("Espiritu") is an individual who at all times material hereto has been an agent of Zidar, with a last known home address at that of 13249 Powers Road, Hampshire, Texas, 77622;

5. Sharon Hall ("Hall") is an individual who at all times material hereto has been an agent of Zidar, with a last known home address at that of 1915 Sheldon Road, Grand Haven, Michigan 49417;

6. Thomas J. Krizman ("Krizman") is an individual who at all times material hereto has been an agent of Zidar, with a last known home address at that of 18845 Emerald Drive, Brookfield, Wisconsin 53045;

7. Myron Thorick ("Thorick") is an individual who at all times material hereto has been an agent of Zidar, with a last known home address at that of 44 Hatheway Drive, West Warwick, Rhode Island 02893;

8. Kenneth Webb ("Webb") is an individual who at all times material hereto has been an agent of Zidar, with a last known home address at that of Route 3, Box M3, Lakeside, Arizona 85929;

9. Kurt Wittmayer ("Wittmayer")") is an individual who at all times material hereto has been an agent of Zidar, with a last known home address at that of 9177 Grossmont Boulevard, La Mesa, California 91941;

10. Upon information and belief, during the period of 1999 to 2000, Edel, Engstrom, Espiritu, Hall, Krizman, Thorick, Webb, and Wittmayer, on behalf of Zidar, offered and sold to at least 29 persons in Wisconsin "investment funds" of Melioration Management Teem, including those named Vista International, Oakleaf International, and Rosewood International;

11. According to a press release of the US Attorney's Office, Western District of Washington, dated July 28, 2003, during the offer and sale of the investment funds to investors, Zidar and other defendants represented that these investment funds would be invested in the "private economic arena" whereby investors would get a return on investment of 120% per year, and the principal of the investors was assured against loss;

12. Upon information and belief, investors play a passive role in the investment funds with no duties and responsibilities;

13. Upon information and belief, each investor will not be involved in the day-to-day management of the investment funds, since there are too many investors for them to each have any meaningful input, and they do not have the expertise or experience necessary to perform its duties;

14. 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 funds" of Vista International, Oakleaf International, and Rosewood International, 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.;

15. The Vista International, Oakleaf International and Rosewood International investment contracts have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.;

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

17. In connection with the offers and sales of the securities described above, Edel, Engstrom, Espiritu, Hall, Krizman, Thorick, Webb, and Wittmayer transacted business in Wisconsin as an "agent" for Meliorations Management Teem and Zidar, as that term is defined by sec. 551.02(2), Wis. Stats.;

18 At no time have Edel, Engstrom, Espiritu, Hall, Krizman, Thorick, Webb, and Wittmayer been licensed as a securities agent pursuant to Ch. 551, Wis. Stats.;

19. Edel, Engstrom, Espiritu, Hall, Krizman, Thorick, Webb, and Wittmayer have violated sec. 551.31(1), Wis. Stats., by transacting business in Wisconsin as a securities agent without a license;

20. Meliorations Management Teem and Zidar have violated sec. 551.31(2), Wis. Stats., by employing unlicensed agents to represent them in Wisconsin;

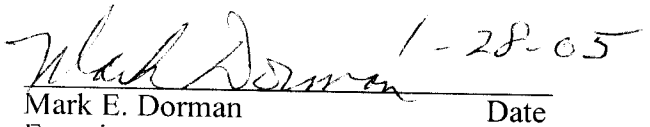
21. According to Litigation Release No. 16548, of the U.S. S Securities & Exchange Commission ("the SEC"), on May 14, 2000, the SEC filed a civil action in federal court in Seattle, Washington against Zidar, et al, for a temporary restraining order and preliminary and permanent injunctions to prevent future violations by the defendants, a freeze of their assets and other relief to recover investor funds. ..."

22. In connection with the offer and sale of the securities described above, the Meliorations Management Teem and Zidar omitted to disclose the issuance of the action of the SEC described above to at least some of the persons in Wisconsin, as described in Paragraph 10 above;

23. Meliorations Management Teem and Zidar 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 are made, not misleading, in connection with the offer and sale of securities to persons in Wisconsin; and

24. On July 28, 2003, Zidar was sentenced to 30 years imprisonment, following an eight-week jury trial, for his involvement in the scheme described above, which involved 3,200 investor/victims in the United States and Canada being defrauded of approximately $74 million.

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.



Mark E. Dorman — Date
Examiner

David A. Cohen — Date
Supervising Attorney