

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

In the Matter of
RESOURCE ALLIANCE GROUP, LLC, and
LEON J. WESSELS

PETITION FOR ORDER

Respondents.

File No. S-04001(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. Resource Alliance Group, LLC ("Resource") is an active Iowa limited liability company with a last known business address of 409 Main St., Cedar Falls, IA 50613.
2. Leon J. Wessels ("Wessels") is an individual who at all times material hereto has been President of Resource, with a last known business address at that of Advicon, Inc., 809 W. 1st St., Ste. F, Cedar Falls, IA 50613.
3. Mansfield Trust ("Mansfield") is an inactive California business trust which was in the business of offering and selling interests in the death benefits of life insurance policies (otherwise known as "viatical settlements"), with a last known business address c/o R. Kimball Mosier, Trustee, 111 East Broadway, 11th Flr., Salt Lake City, Utah 84111.
4. Mansfield filed a Voluntary Petition for Chapter 11 Bankruptcy on October 30, 2002, in the United States Bankruptcy Court in the Central District of Utah.
5. During the period of June and July 1999, an insurance agent, on behalf of Resource and Wessels, offered and sold to at least one elderly person in Wisconsin investments totaling \$17,229.42 in the viatical settlements of Mansfield.
6. Upon information and belief, the investor had no responsibility for any aspect of the investment in the viatical settlements.
7. Since the viatical settlements of Mansfield are investments in a common enterprise with the expectation of profits to be derived from the essential managerial efforts of others, they 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.
8. The investment contracts have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.
9. All Respondents have violated sec. 551.21(1), Wis. Stats., by offering unregistered securities in Wisconsin.
10. In connection with the offers of the securities described above, Resource transacted business in Wisconsin as a "broker-dealer," as that term is defined by sec. 551.02(3), Wis. Stats.
11. At no time has Resource been licensed as a securities broker-dealer pursuant to Ch. 551, Wis. Stats.

12. Respondent Resource has violated sec. 551.31(1), Wis. Stats., by transacting business in Wisconsin as a broker-dealer without a license.
13. In connection with the offers of the securities described above, the insurance agent transacted business in Wisconsin as an "agent" for Resource and Wessels, as that term is defined by sec. 551.02(2), Wis. Stats.
14. At no time has the insurance agent been licensed as a securities agent pursuant to Ch. 551, Wis. Stats.
15. Resource and Wessels have violated sec. 551.31(2), Wis. Stats., by employing an unlicensed agent to represent them 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 Ch. 551, Wis. Stats.

 

David A. Cohen Date
Supervising Attorney
Bureau of Registration & Enforcement