

STATE OF WISCONSIN  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION

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In the Matter of

PETITION FOR ORDER

JOHN WONG,

File No. S-03282 (LX)

Respondent.

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The staff of the Bureau of Registration & Enforcement and Bureau of Licensing & Compliance 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. John Wong (“Wong”) (CRD#3236134) is an adult residing at 18 Monroe Street, Apt. K39, New York, NY 10002, with a last known business address of 125 Broad Street, New York, NY 10004.
2. Wong had a Wisconsin securities agent license with Indianapolis Securities from May 29, 2002 through November 18, 2002, and again from June 3, 2003 through October 29, 2003, working from an office in New York.
3. In the fall of 2002, Wong offered and sold shares of preferred stock in a private placement of Discover Capital Holdings Corporation (“Discover Capital”) and other securities to at least two persons in Wisconsin.
4. The Wisconsin investors referred to above had no pre-existing relationship with Wong.
5. Neither investor in Wisconsin met the criteria to be considered an accredited investor under Wis. Admin. Code DFI-Sec. § 2.02(4)(b).
6. The shares of preferred stock in Discover Capital offered to the Wisconsin investors by Wong are securities as defined by § 551.02(13), Wis. Stats., and were offered through a private placement memorandum claimed to be exempt under Regulation D, Rule 506; however, Indianapolis failed to comply with the requirements for the exemption.
7. The shares of preferred stock in the private placement of Discover Capital were not a suitable investment for either Wisconsin investor.
8. In the process of offering the preferred stock of Discover Capital to the Wisconsin investors, Wong misrepresented to Investor A that Discover Capital would quadruple its price per share within twelve months, and go public in 18 months. He told Investor B it would be the “grand slam of his life” and to disregard the discussion of risk factors in the private placement memorandum because “it was required securities language and didn’t really apply to Discover Capital.”

