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

In the Matter of RONALD M. BREIGHT and RONALD M. BREIGHT FINANCIAL, LLC	FINDINGS OF FACT, CONCLUSIONS OF LAW, DECISION AND ORDER
Respondents	File No. S-05208 (LX)

On August 3, 2006, pursuant to a Notice of Hearing issued June 28, 2006 under sec. 551.61, Wis. Stats., I, Randall E. Schumann as Designated Hearing Officer, held a prehearing conference in this proceeding. Supervising Attorney David Cohen of the Enforcement Unit, Registration & Enforcement Section, of the Division of Securities, Department of Financial Institutions, State of Wisconsin, was present in person. The Respondent, Ronald Breight, appeared by telephone.

In paragraph (1)(a) of the June 28, 2006 Notice of Hearing, the Respondent was directed to file an Answer pursuant to rule DFI-Sec 8.02, Wis. Adm. Code, with the Designated Hearing Officer not later than 5 business days before the prehearing, admitting or denying each specific allegation in the Staff's Petition for Hearing dated June 19, 2006. Under rule DFI-Sec 8.03, Wis. Adm. Code, if a party, without good cause, fails to file an Answer as required in rule DFI-Sec 8.02, such failure may be deemed a default, and the hearing officer may thereupon make a decision, enter an order, or otherwise dispose of the case. As of the date of the prehearing, no Answer had been filed by the Respondent.

At the prehearing, I as Designated Hearing Officer informed the Respondent that because of his failure to file an Answer prior to the prehearing as required, he was in default under rule DFI-Sec 8.03, Wis. Adm. Code, such that I as Designated Hearing Officer could issue a Default Order dismissing the hearing proceeding. I then asked the Respondent whether or not he wanted to pursue his hearing rights in this matter because, if so, he (or an attorney on his behalf) would need to prepare and file an Answer in compliance with rule DFI-Sec 8.02, Wis. Adm. Code, complete the discovery process as necessary, and conduct the hearing. Extensive discussion followed, which included informing the Respondent about the actual and potential negative impact of the issuance by the Division of a licensing application Denial Order on any future licensing application the Respondent may file in the future either with this Division, in another state, or federally. Following the discussion, the Respondent stated his decision that he would not contest issuance of an Order denying the still-pending applications for licensure as an investment adviser representative (as filed by Respondent Ronald Breight), and as an investment adviser (as filed by Respondent Breight Financial).

Accordingly, following the prehearing, the Staff submitted on August 29, 2006, an Offer of Proof to both substantiate the allegations in the Staff's June 19, 2006 Petition accompanying the June 28, 2006 Notice of Hearing, and to provide a complete record and basis upon which to make a determination and to issue an appropriate Decision and Order.

Based upon the Staff's Offer of Proof submitted on August 29, 2006, supplemented by an Affidavit of the Division's Licensing Section's Examiner Nancy Jackson dated August 29, 2006, and accompanied by certain additional documents and information, all of which I have made part of the record in this matter, I make the following Findings of Fact and Conclusions of Law for purposes of this proceeding as prescribed under sec. 227.47(1), Wis. Stats., and to provide the basis for issuance of the following Decision and Order in this proceeding.

FINDINGS OF FACT

1. Ronald M. Breight ("Breight" or "Respondent") is an adult individual with a last-known residence address at N1425 Timm Road, Lyndon Station, Wisconsin 53944, and a mailing address at Post Office Box 16, Lyndon Station, Wisconsin 53944. Breight is considered to be a party for purposes of judicial review of this Order under sec. 227.53, Wis. Stats.

2. Ronald M. Breight Financial LLC ("RMBF") is a domestic limited liability company with a last known address at N1425 Timm Road, Lyndon Station, Wisconsin 53944, and a mailing address at Post Office Box 16, Lyndon Station, Wisconsin 53944. RMBF is considered to be a party for purposes of judicial review of this Order under sec. 227.53, Wis. Stats.

3. Breight was the control person and sole licensed investment adviser representative (CRD #2303811) for Ronald M. Breight Financial Planning LLC (" Planning LLC"), a licensed investment adviser. However, both Breight and Planning LLC failed to renew their licenses by December 31, 2004 (See the investment adviser application filed for Planning LLC, Exhibit 1)

4. Based on notes contained in the Division of Securities' computer system, the Division Staff had left a telephone message with Breight on December 29, 2004, and again on January 4, 2005, instructing Breight regarding what he needed to do to renew both his investment adviser representative license, and the investment adviser license of Planning LLC.

5. In April 2005, the Division Staff learned that during at least 2002, Breight had sold unregistered securities, in the form of viatical settlement contracts originated by Mutual Benefits Corp., to a number of Breight's advisory clients, whereupon the Division Staff opened an investigatory file in the matter. For purposes of this Finding of Fact, and all other allegations regarding Breight's sale of viatical settlement contracts, I take judicial notice of the Prohibition Order naming Breight, issued by consent, dated October 26, 2005 (File No. S-05066), together with the Staff Petition for Order as well as the Waiver

and Consent to Order signed by Breight.

6. On April 28, 2005, Breight submitted an investment adviser license application for RMBF, and an application for licensure as an investment adviser representative for himself. (See Exhibit 2)

7. On May 2, 2005, the Division Staff informed Breight by letter that both his and RMBF's license applications would remain pending because the applications were incomplete. The letter also advised Breight by means of the following bold-face language that until the then-ongoing investigatory matter involving Breight's sales of viatical settlement contract securities was resolved, "**While your firm's application for licensing is pending in this state, neither the firm nor its agents can transact any business with any Wisconsin residents.**" (See Exhibit 3)

8. On June 20, 2005, Breight sent in additional documents for his application. His cover letter is attached as Exhibit 4.

9. On June 24, 2005, Division Staff wrote back to Breight informing him that he had still not supplied all the requested information, and the letter also contained the following bold-face language "**PLEASE BE ADVISED, THAT WHILE YOUR FIRM'S APPLICATION FOR LICENSING IS PENDING IN THIS STATE, NEITHER THE FIRM NOR ITS AGENTS CAN TRANSACT ANY BUSINESS WITH ANY WISCONSIN RESIDENTS.**" (See Exhibit 5)

10. While the Division's Licensing Section staff was waiting for Breight to complete his application, Division Staff contacted Breight's custodial firm to determine if there was any activity in Breights' clients' accounts. Based on information the Division Staff received from Breight as well as documents received from the custodial firm, Breight continued to receive fees for investment advisory services that occurred after his license expired.

11. According to Breight's custodial firm, in order for them to pull fees from his clients' accounts, Breight has to affirmatively tell the custodial firm how much to withdraw. (See Exhibit 6, the contract between Breight and the custodial firm)

12. According to the custodial firm's records, Breight withdrew advisory fees from his clients' accounts in at least January, March, June, and July 2005. (See Exhibit 7 which contains the requests from Breight the custodial firm to withdraw fees from his customer accounts)

13. According to Breight, he billed his clients 3 months in arrears; consequently, the January 2005 fees represented payment for advisory services rendered for the time period ending September 2004, and the March 2005 fees represented payment for advisory services rendered for the three months ending December 2004;

14. Based on such a pattern, the June and July 2005 advisory fees billed and received by Breight were for services rendered in 2005 while neither Breight nor Planning LLC were licensed.

15. Additionally, in excess of 24 transactions took place at Breight's direction in his client's accounts in 2005 while neither Breight nor Planning LLC were licensed, including the opening of new accounts and transferring in of assets into other accounts. (See Exhibit 8)

16. According to information from the clearing firm used by Breight, Breight failed to notify the clearing firm that neither he nor his advisory firm were licensed in Wisconsin.

CONCLUSIONS OF LAW

1. By transacting business as an investment adviser with persons in Wisconsin without being licensed in such capacity nor exempt from licensure, Planning LLC violated the investment adviser licensing requirement in sec. 551.31(3) of the Wisconsin Securities Law.

2. By transacting business as an investment adviser representative with persons in Wisconsin without being licensed in such capacity nor exempt from licensure, Breight violated the investment adviser representative licensing requirement in sec. 551.31(3m) of the Wisconsin Securities Law.

3. Breight's activities in transacting business as an unlicensed investment adviser representative as described above provide a basis, pursuant to sec. 551.34(1)(b), Wis. Stats., for denial of Breight's investment adviser representative license application, and for denial of RMBF's investment adviser license application.

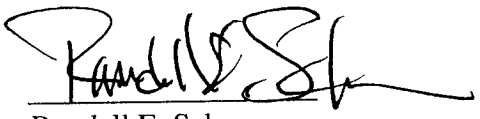
DECISION AND ORDER

On the basis of the above-recited Findings of Fact and Conclusions of Law relating to Respondent Breight's violations of the investment adviser and investment adviser representative licensing provisions of the Wisconsin Securities Law that provide a basis for denial of an application for license as an investment adviser or investment adviser representative under sec. 551.34(1)(b), Wis. Stats., I determine and find under sec. 551.63(2), Wis. Stats., that it is appropriate in the public interest and for the protection of investors to deny Breight's investment adviser representative license application, and to deny RMBF's investment adviser license application.

NOW THEREFORE, IT IS ORDERED pursuant to sec. 551.34(1)(b), and 551.61(1), Wis. Stats., that the investment adviser representative license application of Ronald Breight is denied, and the investment adviser license application of RMBF is denied.

DATED this 15th day of September, 2006.

(SEAL)



Randall E. Schumann
Designated Hearing Officer

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NOTICE OF APPEAL INFORMATION

(Notice of rights for rehearing and judicial review,
the times allowed for each, and the identification
of the party to be named as Respondent)

The following notice is served on you as part of this Decision: (with copies of the statutes cited)

1. Rehearing. Any person aggrieved by this Decision may petition for a rehearing within 20 days after the service of the Decision, as provided in sec. 227.49, Wis. Stats. A petition for rehearing is not a prerequisite for appeal directly to Circuit Court through a petition for judicial review.

A petition for rehearing must be filed with the Department of Financial Institutions-Division of Securities at the address below.

2. Judicial review. Any person aggrieved by this Decision has a right to petition for judicial review of the Decision as provided in sec. 227.53, Wis. Stats. The petition must be filed in Circuit Court within thirty days after service of this Decision if there has been no petition for rehearing, or within thirty days after service of the Order finally disposing of the Petition for Rehearing, or within thirty days after the final disposition by operation of law of any Petition for Rehearing.

A petition for judicial review must be served on, and name as the Respondent:

Wisconsin Department of Financial Institutions-Division of Securities
345 West Washington Avenue, 4th Floor, Post Office Box 1768
Madison, Wisconsin 53701

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