

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

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In the Matter of  
WILLIAM W. BLOCK, JR.

PETITION FOR ORDER

Respondent.

File No. S-06091(EX)

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The staff of the State of Wisconsin, Department of Financial Institutions, Division of Securities (hereinafter "the Division"), has conducted an investigation in this matter pursuant to sec. 551.56, Wis. Stats. and as a result thereof alleges as follows:

1. William W. Block, Jr. ("Block") is an individual, with a date of birth of October 8, 1958, who resides at 1212 N. Sheridan Road, Lake Forest, Illinois 60045;
2. During the period of March 2004 Block borrowed \$100,000 from at least one person in Wisconsin and provided a written evidence of indebtedness of Block, as evidence of a loan of the person in Wisconsin of \$100,000, in which Block promised to pay a certain return on investment, and to repay the principal, in a certain period of time;
3. Pursuant to the written evidence of indebtedness provided by Block to the person in Wisconsin, referred to in Paragraph 2 above, Block borrowed the \$100,000 for a period of 90 days, with a promise of repayment of \$200,000, and payment of \$900,000, to the person in Wisconsin, upon completion of Block's business transaction, which involved the funding of an energy contract;
4. Pursuant to the written evidence of indebtedness, referred to in Paragraphs 2 and 3 above, Block will be liable to repay the entire \$100,000 and pay the return on investment to the person in Wisconsin by December 31, 2004, regardless of whether the funding occurs of the energy contract, referred to in Paragraph 3 above;
5. Upon information and belief, the person in Wisconsin, referred to in Paragraph 2 above, played a passive role in the transaction, referred to in Paragraph 3 above, with no duties and responsibilities;
6. Since the person in Wisconsin, referred to in Paragraph 2 above, will be involved in a common enterprise with the expectation of profits to be derived from the essential managerial efforts of others, the written evidence of indebtedness offered and sold by Block is an investment contract as defined by section DFI-Sec. 1.02(6)(a), Wis. Adm. Code, and is therefore a security as defined by sec. 551.02(13), Wis. Stats.;
7. Upon information and belief, Block was convicted and sentenced to federal prison in 1997 for bank fraud, Case # 0:97-cr-00023-PAM-AJB-ALL, U.S. District Court, District of Minnesota, for which Block served 21 months in prison, with five years supervised release;
8. Upon information and belief, Block failed to inform the person in Wisconsin, referred to in Paragraph 2 above, of Block's conviction and sentencing for bank fraud, as referred to in Paragraph 7 above;

9. Upon information and belief, Block borrowed \$50,000 from another person in Wisconsin in 1991, provided a promissory note as evidence of the debt, with a repayment date of 1996, failed to repay the principal, and was the subject of a judgment for the debt, Case No. 2002CV803, Kenosha County, Wisconsin;

10. Upon information and belief, Block failed to inform the person in Wisconsin, referred to in Paragraph 2 above, of Block's failure to repay the debt to the person and of the person's judgment against Block, referred to in Paragraph 9 above;

11. Block violated sec. 551.41(2), Wis. Stats., by omitting to state material facts 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 a security to a person in Wisconsin;

12. According to the person in Wisconsin, referred to in Paragraph 2 above, Block has failed to repay the \$100,000 loaned to Block, and has paid none of the return on investment, referred to in Paragraph 3 above;

13. According to electronic mail correspondence of Block to the person in Wisconsin, referred to in Paragraph 2 above, funding for the energy contract, referred to in Paragraphs 3 and 4 above, is to come from a foreign high yield investment program; and

14. Block has failed to provide to staff of the Division the information and documents of his securities-related activities in Wisconsin, such as the loan from the person referred to in Paragraph 2 above, despite the due date having passed for his response.

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

 7-11-06  
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Mark E. Dorman Date  
Examiner

 7/13/06  
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David A. Cohen Date  
Supervising Attorney