

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

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In the Matter of FOREIGN EXCHANGE  
CAPITAL MANAGEMENT, INC. a/k/a  
FX CAPITAL MANAGEMENT, INC.,  
MITCHELL ELLIS PRITCHARD,  
KEVIN MATRES and ERROL KAPLAN,

PETITION FOR ORDER  
(SUMMARY)

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Respondents.

File S-05231(EX)

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The staff of the Enforcement Unit, Bureau of Registration & Enforcement, Division of Securities, Department of Financial Institutions, State of Wisconsin has conducted an investigation in this matter pursuant to sec. 551.56, Wis. Stats., and as a result thereof alleges as follows:

1. Foreign Exchange Capital Management, Inc. a/k/a FX Capital Management, Inc. ("FECM") is a foreign corporation, with last known business addresses of 200 West Adams Street, Suite 2004, Chicago, Illinois 60606 and 833 West Lincoln Highway, Suite 380E, Schererville, Indiana 46375.
2. Mitchell Ellis Pritchard ("Pritchard") is an individual, with a last known business address of 833 West Lincoln Highway, Suite 380E, Schererville, Indiana 46375.
3. Kevin Matres ("Matres") is an individual, with a last known business address of 833 West Lincoln Highway, Suite 380E, Schererville, Indiana 46375.
4. Errol Kaplan ("Kaplan") is an individual, with a last known business address of 833 West Lincoln Highway, Suite 380E, Schererville, Indiana 46375.
5. Upon information and belief, at all times material hereto, Pritchard has been a FOREX broker for FECM.
6. Upon information and belief, at all times material hereto, Matres has been an Account Manager for FECM.
7. Upon information and belief, at all times material hereto, Kaplan has been a Account Manager for FECM.
8. Upon information and belief, on approximately November 5, 1998, Pritchard, on behalf of FECM, cold-called a person in Wisconsin and offered him the opportunity to

invest in a foreign capital exchange through FECM and advised the person he would double his money in only a few months.

9. Upon information and belief, on November 9, 1998, the person in Wisconsin mailed a check in the amount of \$2,500 to Pritchard at FECM for the purpose of investing in a foreign capital exchange and interbank marketing through FECM.

10. Upon information and belief, the investor received a letter from Pritchard advising the investor of the benefits of investing in FECM after receiving the check.

11. Upon information and belief, the person in Wisconsin tried to contact the company and Pritchard to discuss the statements he received showing continued losses when he was promised to have his money double. The Wisconsin investor left messages and was not able to contact the business or Pritchard and was advised that the phone number was reissued to another business.

12. Since the investor will be involved in a common enterprise with the expectation of profits to be derived from the essential managerial efforts of others, the investment offered by the Respondents is an investment contract as defined by DFI-Sec 1.02(6)(a), Wis. Adm. Code, and is therefore a security as defined by sec. 551.02(13), Wis. Stats.

13. The investment, described above, constitutes a security as that term is defined in sec. 551.02(13)(a), Wis. Stats.

14. The security described above has never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.

15. Respondents have violated sec. 551.21(1), Wis. Stats., by offering unregistered securities in Wisconsin.

Therefore, the staff of the Enforcement Unit petitions the Administrator of the Division of Securities for the issuance of the attached order pursuant to Ch. 551, Wis. Stats.

  
2/2/06  
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David A. Cohen  
Supervising Attorney  
Bureau of Registration and Enforcement

  
2/2/06  
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Kathryn L. Denton  
Examiner  
Bureau of Registration and Enforcement