

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

In the Matter of
INTERSTAR MANAGEMENT, LTD.,
GARRY J. MILOSEVICH, and
DANIEL T. TEPOEL,

PETITION FOR ORDER

Respondents.

File No. S-05035(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. InterStar Management, Ltd. ("InterStar"), is a foreign business entity with a last known business address of PO Box 1245, Grand Anse, St. Georges, Grenada, West Indies;
2. Upon information and belief, Garry J. Milosevich ("Milosevich"), whose date of birth is October 1, 1945, is a male individual who at all times material hereto was an owner, officer and/or controlling person of Interstar, with a last known home address at 5920 Olney Street, Duluth, Minnesota 55807 and a last known business address at that of InterStar;
3. Upon information and belief, Daniel T. Tepoel ("Tepoel"), who was born in January 1951, is a male individual, who at all times material hereto was an owner, officer and/or controlling person of InterStar, with a last known mailing address at that of PO Box 248, Lake Nebagamon, Wisconsin 54849;
4. Upon information and belief, during the period of at least 1999, Milosevich and Tepoel offered and sold to at least one person in Wisconsin interests in a bank debenture trading program ("the Program") of InterStar;
5. According to the offering materials of InterStar entitled "BANK DEBENTURE TRADING PROGRAMS," received by at least one person in Wisconsin who invested in the Program, "... This investment opportunity involves the purchase and sale of Bank Debentures within the international market in controlled trading programs. The program allows for an investor to place his funds through an established program management entity working with a major trading bank. ...";
6. According to a document entitled "PRIVATE PARTY PARTICIPATION AGREEMENT" signed by at least one person in Wisconsin who invested in the Program, and by Milosevich on behalf of InterStar, at the time of the investment in 1999, "... 2. 'PARTICIPANT' agrees to deposit funds to 'INTERSTAR' in the sum of fifty thousand U.S. dollars (\$50,000.00). 3. 'PARTICIPANT' understands that these funds will be transferred by 'INTERSTAR' to an asset management group offshore for the purpose of international projects and program operations for the asset management group. 4. 'PARTICIPANT' understands that he will receive at least a 120% annual return, which can be compounded or paid monthly thereafter. ... 7. The 'PARTICIPANT' understands it will have no management power and shall not be entitled to any control of any property, affairs or business of the 'INTERSTAR' nor shall 'PARTICIPANT' have any authority or power to direct or control the 'INTERSTAR. ..."
7. Milosevich and Tepoel were indicted by a federal grand jury in the United States District Court for the Western District of Wisconsin on April 19, 2007, relating to their activities in the offer and sale of investments in the Program of Interstar;

8. According to the indictment, referred to in Paragraph 7 above, at Count 8, Paragraphs a., b. and c., "... in fact and in truth TEPOEL actively recruited investor victims, took part in seminars discussing the supposed investments, signed investor contracts, received investor funds, deposited investor funds into a bank account within his control at Republic Bank, and used investor funds for his own benefit. ...in fact, Tepoel was on the Board of Directors for Interstar Management, LTD and also, along with defendant MILOSEVICH, had open a bank account in the name of Interstar Management, LTD in Grenada, and had even utilized funds from that bank account for the purchase of his own home in Barnes, Wisconsin. ...in fact, most of the funds deposited in TEPOEL's Rainbow Management Trust/Interstate Mortgage Account at Republic Bank during 1999 and 2000 were investor funds, and TEPOEL knew this was the case, as he was the one depositing most of the money into the account. ...";

9. Upon information and belief, investors can play a passive role in the Program with no duties and responsibilities;

10. Upon information and belief, each investor will not be involved in the day-to-day management of the Program, since there are too many investors for them to each have any meaningful input, and they do not have the expertise or experience necessary to perform its duties;

11. Since the investors will be involved in a common enterprise with the expectation of profits to be derived from the essential managerial efforts of others, the Program offered and sold by Milosevich and Tepoel 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.;

12. The investment contracts of the Program have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.;

13. Staff of the Division of Securities have requested in writing of Milosevich and Tepoel information of their securities-related transactions with persons in Wisconsin but to date have not received the information requested; and

14. Upon information and belief, none of the persons in Wisconsin who invested in the Program have been repaid as promised, despite repeated requests to be repaid.

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

	4-30-07		5/3/07
Mark E. Dorman	date	David A. Cohen	date
Examiner		Supervising Attorney	