

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

In the Matter of
RUTTENBERG & ASSOCIATES FINANCIAL
MARKETING, INC., and
MARK I. RUTTENBERG,

PETITION FOR ORDER

Respondents.

File No. S-05237(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. Upon information and belief, Yucatan Resorts, S.A., de C.V. ("Yucatan SA") is a business with last known business addresses of Boulevard Kukulcan KM. 11.5, Cancun, Quintana Roo, Mexico 77500, and C1. 50 y Aquilino De La Guardia, Edificio American International Mezanine, Panama Centro, Panama;
2. Michael E. Kelly ("Kelly") is an individual, who upon information and belief, is the owner, operator and sole shareholder of Yucatan SA, with a last known business address at that of Yucatan SA;
3. Mark I. Ruttenberg (DOB February 6, 1947, CRD #408018) ("Ruttenberg") is an individual with a last known home address of 3016 Wisteria Lane, Bloomington, Illinois 61704, and who at all times material hereto was licensed as an insurance agent in Wisconsin;
4. Ruttenberg & Associates Financial Marketing, Inc. ("Ruttenberg & Associates"), is a business entity of which Ruttenberg is the President, and which is owned and controlled by Ruttenberg, with a last known address of 1603 Visa Drive, Suite 3, Normal, Illinois 61761;
5. Paul A. Bernier (DOB January 15, 1949, CRD # 3186272) ("Bernier") is an individual with a last known home and business address at PO Box 1730, AV 334 Highway 51 North, Woodruff, Wisconsin 54568, and who at all times material hereto was licensed as an insurance agent in Wisconsin;
6. Upon information and belief, during the period of at least 2000, Bernier, on behalf of Yucatan SA, Kelly, Ruttenberg & Associates, and Ruttenberg, offered and sold to at least one person in Wisconsin an interest in the Yucatan SA Universal Lease Program ("the Program"), in which the investor purchases, for a minimum of \$5,000, a lease of a unit at Club Baccara Exclusive Vacation Resort, a 34-unit vacation resort of Yucatan SA located in Cancun, Mexico;
7. Upon information and belief, during the period of at least 2000, Ruttenberg & Associates had a marketing contract with Yucatan SA to market the interests of the Program to investors directly or through agents;
8. According to marketing materials provided to investors in the Program, investors have three options concerning the operation of their unit, one of which is to "Hire a third party servicing agent to rent the vacation unit for you (the investor). This popular option will result in paying you the equivalent of 11% per year of the amount you paid for your Universal Lease." and that "In fact, as a Leaseholder, you have the option to redeem your Universal Lease for the full purchase price or higher after two years.";

9 According to the "Universal Lease Servicing Agreement" ("the Agreement") entered into between the Wisconsin investor ("the Client") in the Program and the servicing agent, World Phantasy Tours, Inc. DBA Viajes Majesty ("the Servicer"), signed on January 23, 2000, Paragraphs 1 and 3 of the Agreement states, in part, as follows:

"1.(b) The Servicer shall have full power and authority to do things in connection with such servicing, administration and collection activities which it may deem necessary or desirable in order to maximize the Rental. ... Client shall furnish the Servicer with powers of attorney and other documents necessary or appropriate as required by the Servicer to enable the Servicer to carry out its servicing and administrative duties hereunder."

10. "3.(a) The Servicer guarantees rental of the vacation unit at 80% of the Resorts published rack rates. ... Upon such satisfaction in full, the Servicer shall be entitled to a Servicing Fee of 40% of amounts collected from the rental of the Vacation Unit or a minimum of \$435.00 per year of amounts collected from the rental of the Unit. ...";

11. Upon information and belief, the investment in the Program was an investment in a common enterprise with the expectation of profit to be derived through the essential managerial efforts of someone other than the investor;

12. The Yucatan SA investments in the Program as described above are investment contract securities as that term is defined by DFI-Sec 1.02(6)(a), Wis. Adm. Code and are therefore securities pursuant to sec. 551.02(13)(a), Wis. Stats.;

13. The investment contract securities of Yucatan SA have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.;

14. Respondents have violated sec. 551.21(1), Wis. Stats., by offering and selling unregistered securities in Wisconsin;

15. In connection with the offer and sale of the securities described above, Bernier transacted business in Wisconsin as an "agent" for Yucatan, Kelly, Ruttenberg & Associates, and Ruttenberg, as that term is defined by sec. 551.02(2), Wis. Stats.;

16. At no time has Bernier been licensed as a securities agent to sell the securities of Yucatan SA pursuant to Ch. 551, Wis. Stats.;

17. Bernier has violated sec. 551.31(1), Wis. Stats., by transacting business in Wisconsin as a securities agent without a license;

18. In connection with the offers and sales of the securities to persons in Wisconsin, as described above, Yucatan, Kelly, Ruttenberg & Associates, and Ruttenberg employed Bernier to transact business in Wisconsin as an agent as that term is defined by sec. 551.02(2), Wis. Stats., to offer and sell the securities of Yucatan SA;

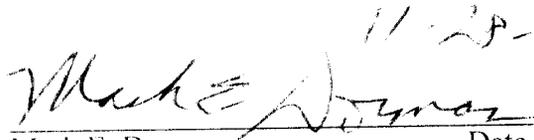
19. Yucatan, Kelly, Ruttenberg & Associates, and Ruttenberg have violated sec. 551.31(2), Wis. Stats., by employing Bernier as an unlicensed agent to represent them in Wisconsin;

20. In connection with the offers and sales of the securities to persons in Wisconsin, as described above, Ruttenberg & Associates transacted business in Wisconsin as a broker-dealer as that term is defined by sec. 551.02(3), Wis. Stats.;

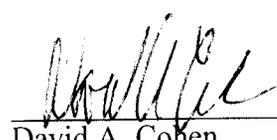
21. At no time has the broker-dealer, Ruttenberg & Associates, been licensed as a broker-dealer pursuant to Ch. 551, Wis. Stats.; and

22. Ruttenberg & Associates and Ruttenberg have violated sec. 551.31(1), Wis. Stats., by acting as an unlicensed broker-dealer in Wisconsin.

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.


Mark E. Dorman
Examiner

11-28-07
Date


David A. Cohen
Supervising Attorney

11/28/07
Date