

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

In the Matter of
JEFFREY P. HERTEL, d/b/a
CORPORATE INVESTMENT ADVISORS,

PETITION FOR ORDER

Respondent.

File No. S-07167(EX)

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. Steven R. "Steve" Lewit ("Lewit") is an individual with a date of birth of December 6, 1943, a CRD number of 3262075, whose last known business address is 1130 W. Lake Cook Road, Suite 150, Buffalo Grove, Illinois 60089, and last known home address is 2371 Legends Court, Deerfield, Illinois 60015;
2. At all times material hereto Lewit has been licensed as an insurance agent by the State of Wisconsin Office of the Commissioner of Insurance and as a securities agent, although not as a licensee of the Division;
3. Marty P. Nevel ("Nevel") is an individual with a date of birth of June 26, 1956, whose last known residence and business address is at that of 300 Lexington Court, Schaumburg, Illinois 60173;
4. At all times material hereto Nevel has been licensed as an insurance agent by the State of Illinois;
5. Jeffrey P. Hertel d/b/a Corporate Investment Advisors ("Hertel") is an individual with a date of birth of April 7, 1953, who at all times material hereto was an agent of Lewit and Nevel, with a last known business address at that of 3070 N. Hackett Avenue, Milwaukee, Wisconsin 53211;
6. At all times material hereto Hertel has been licensed as an insurance agent by the State of Wisconsin, Office of Commissioner of Insurance;
7. During the period of October 2007, Hertel, on behalf of Lewit and Nevel, sent by mail through the US Postal Service to at least 22 persons in Wisconsin a letter about a "private investment opportunity offered the Federal Reserve's Board of Governors";
8. Hertel sent the offering materials, referred to above, to the persons in Wisconsin, which state, in part, as follows:

"... I have recently been informed of a private investment opportunity offered through the Federal Reserve's Board of Governors. This program is private and by invitation only. The 'Fed' has conducted this program about four times a year for the past several years."

"My business associates client (who happens to be a multi-billionaire) recently participated in this program. This person has a close connection with the Federal Reserve and is now instrumental in conducting the program. Since each participant can only do this *once*,

(emphasis included) he has been asked to mentor another for the next program starting in January.”

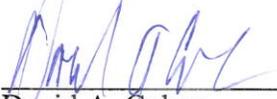
“The program involves depositing a large amount of cash in a secure account at a major bank for a year, which earns a very high rate of return of 80-110%. Yes, 80-110%. The principal is never at risk of loss. The cash amount is to be \$150 to \$250 million US, as determined by the participant. The cash can be borrowed, but it cannot come directly from a financial institution (if borrowed, it is to be deposited in the investor’s operating account and then put into this investment account). This program is only available to a privately-held company or a private individual (and not to a publically (sic) -traded company). ...”

- 9. Upon information and belief, investors can play a passive role in the company with no duties and responsibilities;
- 10. 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 "investment opportunity" offered by Hertel 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.;
- 11. The investment contracts have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.;
- 12. Hertel provided information to staff of the Division that he recruited by Lewit and Nevel and was to be paid a commission by Lewit and Nevel for his sales of the “investment opportunity, referred to above;
- 13. Hertel has violated sec. 551.21(1), Wis. Stats., by offering unregistered securities to persons in Wisconsin;
- 14. In connection with the offers of the securities described above, Hertel transacted business in Wisconsin as an "agent" for Lewit and Nevel, as that term is defined by sec. 551.02(2), Wis. Stats.;
- 15. At no time has Hertel been licensed as a securities agent pursuant to Ch. 551, Wis. Stats.;
- 16. Hertel has violated sec. 551.31(1), Wis. Stats., by transacting business in Wisconsin as a securities agent without a license;
- 17. Personnel of the Board of Governors of the Federal Reserve System (“the Board”) have informed staff of the Division in writing that the Board is not involved in the “investment opportunity” offered by Hertel to the persons in Wisconsin, referred to above;
- 18. Hertel’s representations to the persons in Wisconsin, on behalf of Lewit and Nevel, referred to above, are untrue statements of a material fact; and
- 19. Hertel has violated sec. 551.41(2), Wis. Stats., by making an untrue statement of a material fact in connection with the offer of securities to persons in Wisconsin.

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

 3-13-08

 Mark E. Dorman Date
 Examiner

 3/14/08

 David A. Cohen Date
 Supervising Attorney

NOTICE

You are advised that any willful violation of an Order issued by the Administrator of the Division of Securities of the Department of Financial Institutions of the State of Wisconsin under Ch. 551, Wis. Stats., is a criminal offense punishable under the provisions of sec. 551.58, Wis. Stats.