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

In the Matter of | PETITION FOR ORDER

RUSSELL K. MYRICK
Respondent. | File No. S-08099 (EX)

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

1. Russell K Myrick ("Myrick") (CRD# 2120825) is an individual who at all times material hereto has been a resident of Kansas, residing at 10515 Ensley Lane, Leawood, KS 66206.

2. JF is an 84 year old adult male residing in an assisted living facility in Wauwatosa, Wisconsin.

3. From January 22, 2004 to October 12, 2007 Myrick was employed as a registered representative by First Montauk Securities Corporation ("Montauk"). During this time Myrick was licensed with the State of Wisconsin as a securities agent, however, Myrick's license in Wisconsin terminated when he left Montauk.

4. During the time Myrick was a registered representative for Montauk, JF was one of his customers. JF had both a regular investment account and an IRA investment account for which Myrick was the agent. During the time JF was a customer of Myrick, he and Myrick developed a relationship of trust to the degree that JF would not question any recommendation Myrick gave him.

5. Prior to leaving his employment with Montauk, Myrick became a business partner with his wife Kami Myrick and Mark Koetting in a business named BB Processing, LLC, ("BB Processing") organized in Delaware on May 18, 2006.

6. Starting sometime in January 2008 Myrick made telephone solicitations to JF during which he offered to sell JF investments that would produce a greater return that what JF was receiving from his investments with Montauk. Because of the degree of trust that had been developed in prior years between JF and Myrick, JF agreed to purchase the products that Myrick recommended.

7. On January 25, 2008 Myrick sold JF a promissory note in BB Processing for $155,000 and directed JF in the steps necessary to transfer his IRA funds in Montauk to the 1st Trust Company of Onaga ("Onaga"), and from there to use these funds to pay for this promissory note. "Company here" is listed as the "Payee" on this promissory note.

8. During this time Myrick sold JF another promissory note in BB Processing for $45,000 and instructed JF in the steps necessary for JF to liquidate his regular investment account at Montauk and mail this check to Myrick at BB Processing. JF's check for $45,000 dated 2/21/2008 and payable to "VB Processing" was deposited into the BB Processing account on February 26, 2008. For this payment JF received a $45,000 promissory note dated 3/1/2008 listing John Stacy as the "Payee".

9. In connection with the offers of the securities described above, Myrick transacted business in Wisconsin as an "agent" for BB Processing, as that term is defined by § 551.02(2), Wis. Stats.

10. These investments in promissory notes are securities in the state of Wisconsin as that term is defined in § 551.02 (13)(a), Wis. Stats.

11. These securities have never been registered for offer or sale in Wisconsin pursuant to § 551.21, Wis. Stats.

12. During the time Myrick sold JF these promissory notes that total $200,000, Myrick did not disclose to JF that he no longer was licensed as a securities agent in Wisconsin or anywhere else. Nor did he disclose to JF that he was a principal in and acting as an agent for BB Processing. Further, Myrick did not send JF any information about BB Processing.

13. In all written correspondence to JF, Myrick used plain white paper devoid of any letterhead and referred to these promissory notes only as a "product" or "contract".

14. JF advised the Enforcement Bureau Staff investigating this matter that at no time did he know Myrick was no longer licensed as a securities agent nor did he know Myrick was selling him investments in a company in which Myrick was a principal. JF further advised that if he had known these facts, he would not have continued to invest with Myrick.

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

Michael R. Tuten 9-11-08
Michael R. Tuten — Date
Senior Examiner
Enforcement Bureau

Leslie M. Van Buskirk 9/11/08
Leslie M. Van Buskirk — Date
Attorney Supervisor
Enforcement Bureau