

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

In the Matter of
PAUL L. CLEMENTS,

PETITION FOR ORDER

Respondent.

File No. S-07162(EX)

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

1. Paul L. Clements ("Clements") is an individual who was formerly licensed as a securities agent (CRD # 2245832) from July 24, 1997 through August 8, 2006 and a last known home address of 60778 Utopia Lane, Prairie Du Chien, Wisconsin 53821;
2. On July 11, 2006, the Administrator of the Division issued an Order of Censure of Securities Agent License (Consent) against Clements based on allegations that Clements effected transactions for at least one customer's account in Wisconsin which were not recorded on the regular books and records of his broker-dealer, and are deemed by § DFI-Sec. 4.06(2)(c), Wis. Admin. Code, to be dishonest or unethical business practices or taking unfair advantage of a customer;
3. Clements was a licensed insurance agent by the Office of the Wisconsin Commissioner of Insurance ("OCI") from August 16, 1989, to December 22, 2006, when his license was revoked and a forfeiture of \$20,000 was entered against him for soliciting money for an unidentified investment from a customer, knowingly being listed as a beneficiary of a customer's annuity, making unsuitable recommendations for sales of annuities to a customer, and failing to notify OCI of formal administrative action taken against him by DFI;
4. According to information obtained by Division staff from Clements, on his behalf by his legal counsel, Clements has been an owner, officer and/or controlling person of Alternative Investment Marketing Group LLC ("AIM"), Midwest Investments Services LLC ("MIS") and Utopia Group LLC ("Utopia") at all times material hereto;
5. According to information obtained by Division staff from Clements, on his behalf by his legal counsel, during the period of 2002 to 2008, Clements, offered and sold debt obligations in business entities of AIM, MIS and Utopia to at least 27 persons in Wisconsin, in which Clements promised repayment of the principal with payment of interest at a later date;
6. According to information obtained by Division staff from Clements, on his behalf by his legal counsel, Clements continues to owe money to at least nine of the persons referred to above, and is behind on payments of principal and interest to some of those persons;
7. The debt obligations that Clements offered and sold to the persons, as described above, are securities as defined by § 551.02(13)(a), Wis. Stats., and have never been registered under Ch. 551, Wis. Stats., for their offer and sale in Wisconsin;

8. According to information obtained by Division staff from Clements, on his behalf by his legal counsel, Clements solicited the money of at least three investors to invest in bonded life settlements, but instead used the money to repay other investors who had loaned money to Clements;

9. By engaging in the conduct described in ¶5 through ¶8 above in connection with the offers and sales of securities to a Wisconsin investor, Clements has violated § 551.41(3), Wis. Stats., by engaging in an act, practice or course of business which operates or would operate as a fraud or deceit upon any person;

10. By engaging in the conduct described in ¶8 above, Clements violated § 551.41(2), Wis. Stats., by making untrue statements or omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and

11. Division staff requested in writing that Clements provide to the Division information and documents concerning his securities-related transactions with persons in Wisconsin, with a due date for Clements' response, but to date have not received all of the information and documents from Clements, despite the due date for response having passed.

Therefore, the staff of the Bureau of 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 3-11-09
Mark E. Dorman Date
Examiner

Leslie M. Van Buskirk 3/11/09
Leslie M. Van Buskirk Date
Attorney Supervisor