

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

In the Matter of

PETITION FOR ORDER

CALVIN "CJ" MORRIS, JR.,

Respondents.

File No. S-08155(EX)

The staff of the State of Wisconsin, Department of Financial Institutions, 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. Calvin "CJ" Morris, Jr. ("Morris") is an individual born in 1964 with a last known home address of 1716 Carlisle Avenue, Racine, Wisconsin 53404.
2. Prolific Enterprises I, LLC ("Prolific") is a Wisconsin limited liability company of which Morris is an owner, managing member and/or controlling person, with a last known business address which is the same as Morris.
3. According to the Operations Agreement for Prolific, Morris and an individual herein identified only as A.C. are the only two members of Prolific, each having a 50% interest in the entity, but with Morris named as the member-manager.
4. During August, 2007, Morris, on behalf of Prolific in his capacity as member-manager, offered and sold to at least one person in Wisconsin two promissory notes totaling \$71,000 as an investment in his business of purchasing and managing real property.
5. The promissory notes of Prolific sold by Morris are securities as defined by § 551.02(13), Wis. Stats.
6. The promissory notes have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.
7. Morris is a habitual criminal as defined by § 939.62, Wis. Stats., having been convicted in the following Wisconsin criminal actions, most of which involve some degree of dishonesty and/or fraudulent conduct, including the following:
 - a. On September 15, 1993, Morris was sentenced to probation for two counts of issuing worthless checks in Case # 1992 CM 003575, Racine County, Wisconsin.
 - b. On January 13, 1994, Morris was sentenced to 60 days in jail in Wisconsin for unauthorized use of food stamps in Case # 1993 CM 002372, Racine County, Wisconsin.
 - c. On April 12, 1994, Morris was sentenced to 56 days in jail in Wisconsin for carrying a concealed weapon in Case # 1993 CF 001124, Racine County, Wisconsin.
 - d. On October 3, 1995, Morris was sentenced to 9 years in prison stayed pending 10 years probation, for one count of uttering a forged document under § 943.38(2) in Case # 1995 CF 000009, Racine County, Wisconsin.

- e. On October 3, 1995, Morris was sentenced to 18 months in prison for making false insurance claims in excess of \$1000 in Case # 1995 CF 000319, Racine County, Wisconsin.
 - f. On October 3, 1995, Morris was sentenced to 3 years in prison for one count of theft in a business setting in excess of \$2500 in Case # 1995 CF 000331, Racine County, Wisconsin.
 - g. On February 16, 1996, Morris was sentenced to 3 years in prison for a count of second drug offense of possessing THC with intent to deliver and 2 years in prison for one count of felon in possession of a firearm in Case # 1994 CF 001102, Racine County, Wisconsin.
8. In connection with the offer and sale of the securities described above, Morris omitted to disclose to the Wisconsin investor any of the convictions of Morris referred to in ¶7 above.
9. Morris violated § 551.41(2), Wis. Stats., by omitting to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, in connection with the offer and sale of securities to a person in Wisconsin.
10. The securities Morris sold to the Wisconsin investor provide that “the undersigned hereby jointly and severally” promises to repay the investor the amounts borrowed plus \$2000 within 72 hours of a certain real estate closing scheduled within a stated time frame, and commit Morris, Prolific and a Wyoming limited liability company (Real Estate Rentals LLC) to be “jointly, severally and corporately liable and financially responsible for the entire amount promised and any and all fees and or costs associated with the recovery thereof” along with the other signatories.
11. The securities Morris sold to the Wisconsin investor contained a signature line for an individual herein identified only as W. K., who was the seller of the real estate referenced above.
12. According to statements of W.K. to staff of the Division, he never signed either of the promissory notes referred to above, nor had he ever seen those documents previously, nor did he know of or give permission to anyone to sign his name on the promissory notes or commit him in any way to repay the Wisconsin investor.
13. In representing to the Wisconsin investor that any default on the notes would be backed by W.K., Morris violated § 551.41(2), Wis. Stats., by making an untrue statement of a material fact in connection with the offer and sale of securities to a person in Wisconsin.
14. According to the Operations Agreement for Prolific, “... Both Manager(s) and Member(s) shall consult to review and consider all ventures and transactions for approval by all parties prior to execution. Both parties shall be apprised of any and all developments throughout the entire process of all transactions. Both parties shall be competent and well informed of the other party’s activities and job functions.”
15. According to statements of the other member of Prolific (A.C.) to Division staff, A.C. had not seen either of the promissory notes referred to above until they were provided by Division staff, and he had not known of nor given permission to Morris to borrow money and issue the promissory notes on behalf of Prolific.

16. In representing to the Wisconsin investor that any default on the notes would be backed by Prolific, Morris violated § 551.41(2), Wis. Stats., by making an untrue statement of a material fact in connection with the offer and sale of securities to a person in Wisconsin.

17. According to statements of A.C. to Division staff, A.C. is the only member of Real Estate Rentals LLC, and never gave Morris permission to borrow money on its behalf or issue any promissory notes on behalf of Real Estate Rentals, LLC.

18. In representing to the Wisconsin investor that any default on the notes would be backed by Real Estate Rentals LLC, Morris has violated § 551.41(2), Wis. Stats., by making an untrue statement of a material fact in connection with the offer and sale of securities to a person in Wisconsin.

19. Division staff requested in writing that Morris provide to the Division information and documents concerning his securities-related transactions with persons in Wisconsin, with a due date for Morris's response, but to date have received little information and no documents from Morris, 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 Dorman 1-13-09
Date

Mark Dorman
Senior Examiner
Bureau of Enforcement

Leslie M. Van Buskirk 1/13/09
Date

Leslie M. Van Buskirk
Attorney Supervisor
Bureau of Enforcement