

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

In the Matter of
ELIZABETH A. FREER
Respondent

PETITION FOR ORDER OF
DENIAL OF AN
INVESTMENT ADVISER
REPRESENTATIVE
REGISTRATION (SUMMARY)

File No. S-210290-LX

The staff of the Professional Registration and Compliance Bureau of the State of Wisconsin Department of Financial Institutions Division of Securities ("Division") alleges:

1. Elizabeth A. Freer ("Freer"), CRD number 2443432, whose home and business address is 15355 Marilyn Drive, Unit 3 Elm Grove, Wisconsin 53122-1072, applied for registration as an investment adviser representative in Wisconsin for Signature Wealth Management Inc. ("SWM") on October 13, 2009 pursuant to Chapter 551 Wis. Stats..
2. From December 21, 2005 to December 31, 2008, Freer had been registered as an investment adviser representative for SWM, a federal covered investment adviser notice filed in Wisconsin.
3. SWM failed to renew its notice filing in Wisconsin in December 2008 and did not make a new notice filing until September 28, 2009.
4. Freer's registration as an investment adviser representative was terminated on December 31, 2008 for failure to renew. Freer did not reapply for registration until October 13, 2009.
5. Upon information and belief, SWM and Freer continued to conduct an advisory business after expiration of the notice filing and investment adviser representative registration.
6. Upon information and belief, SWM and Freer continued to bill and automatically deduct advisory fees from several clients for the period when neither SWM nor Freer were eligible to charge fees for advisory services.
7. On October 19, 2009, Nancy Jackson ("Jackson"), a Securities Examiner with the Division, sent a letter to Freer as a follow-up to a telephone conversation Jackson had with Freer on October 13, 2009. During that conversation Freer advised Jackson that she had collected fees for investment advice after the December 31, 2008 date on which her registration and the firm's notice filing expired. Jackson advised Freer that she was in violation of the Wisconsin Uniform Securities Law and that Freer must immediately cease from collecting any further fees.
8. Freer was advised by Jackson and Kenneth Hojnacki ("Hojnacki"), Director of the Professional Registration and Compliance Bureau of the Division, that a rescission offer must be made to all clients that were charged fees for 2009. Upon information and belief, Freer contacted the clients prior to sending the rescission letter in an attempt to influence the clients' decisions.
9. Upon information and belief, at least one client had requested rescission of his fees in February, 2010 but to date has not received payment.

10. On March 31, 2010, Freer met with Hojnacki and Jackson at DFI offices at 345 West Washington Avenue, Madison, WI 53703. Freer admitted at this March 31, 2010 meeting that she had invoiced and been paid by certain clients for the last quarter of 2009 (October-December 2009), after the October date when Freer had been told by Division staff that she was in violation of the Wisconsin Uniform Securities Law for receiving fees while not a registered investment adviser representative.
11. On May 3, 2010, a certified letter was sent to Freer confirming a telephone conference call she had with Hojnacki and Jackson wherein Freer was given a deadline of June 1, 2010 to resolve the rescission offers and other outstanding issues relating to her pending registration. The certified letter was received on May 5, 2010. Freer failed to comply.
12. Beginning on June 1, 2010, Freer made representations to the Division that funds to resolve the requested rescission offer referred to in ¶ 9 were delayed due to bank problems. In fact, the subject bank advised Division staff that it could find no record of any wire transfers for Freer or SWM that were received or rejected for any reason.
13. As the only investment adviser representative and sole shareholder of SWM, Freer was in a position to know or should have known that neither the firm nor she were legally authorized to transact business as an investment adviser or investment adviser representative in this state.
14. As provided in § 551.404(1), Wis. Stats., it is unlawful to transact advisory business without being registered, which is grounds for denial of Freer's application for registration as an investment adviser representative pursuant to § 551.412(1), Wis. Stats.
15. As provided in § 551.412(1) and § 551.412(4r) Wis. Stats., the Administrator may deny an application in the public interest and the protection of investors for unethical conduct as demonstrated by Freer's willful failure to adhere to Division staff's instructions to stop transacting advisory business and stop collecting fees until Freer was properly registered.
16. As provided in § 551.412(1) and § 551.412(4r) Wis. Stats., the Administrator may deny an application in the public interest and the protection of investors for unethical conduct as demonstrated by Freer's interference in and failure to complete the rescission offers as instructed by the Division.
17. As provided in § 551.412(1) and § 551.412(4r) Wis. Stats., the Administrator may deny an application in the public interest and the protection of investors for unethical conduct as demonstrated by Freer's misleading statements to Division staff regarding the payment of the rescission in ¶ 9.
18. As provided in § 551.412(1) and § 551.412(4r) Wis. Stats., the Administrator may deny an application in the public interest and the protection of investors for unethical conduct as demonstrated by Freer's failure to complete the rescission and other requirements by the agreed upon deadline of June 1, 2010.

Therefore, the staff of the Professional Registration and Compliance Bureau of the Division of Securities hereby petitions the Administrator for the issuance of the attached Order pursuant to Chapter 551, Wis. Stats.

Dated this 3rd day of June, 2010



Nancy R. Jackson
Securities Examiner
Professional Registration & Compliance Bureau



Kenneth L. Hojnacki
Director
Professional Registration & Compliance Bureau