

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

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In the Matter of  
JOHN M. GRNO,

PETITION FOR ORDER

File No. S-216503(EX)

Respondent.

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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. John M. Grno (“Grno”) is an individual who was born in November 1945, with a last known home address of 17111 W. National Avenue, New Berlin, Wisconsin 53151.
2. According to information obtained by Division staff from Grno, from 2005 to 2008, Grno offered and sold evidences of indebtedness to at least 12 investors in Wisconsin in which Grno promised repayment of the principal with a dividend between 20-30% in a time frame ranging between 1-5 years.
3. According to information obtained by Division staff from Grno, the investors started their transactions with him as a group of friends who came to Grno and asked Grno to invest money for them.
4. According to statements to Division staff by Grno, before giving Grno their money, Grno told the investors he would use their money to build up an investment fund for himself, and use the money to buy and sell in the market in things like real estate, the stock market, gold, and rarities, and that he had a personal account in the stock market so he could do this.
5. According to statements to Division staff by Grno, Grno did not tell the investors he would use their money for personal purposes, but that he would use it to invest so he could repay the principal with interest.
6. Grno is in default on his obligations set forth in many of the evidences of indebtedness sold to the investors.
7. The evidences of indebtedness Grno offered and sold to the investors are securities as defined by § 551.02(13)(a), Wis. Stats.
8. The evidences of indebtedness Grno offered and sold to the investors have never been registered under Ch. 551, Wis. Stats., for their offer and sale in Wisconsin.
9. According to information obtained by Division staff from financial records of Grno’s account at the institution where Grno deposited the investment money obtained from selling the evidences of indebtedness to the investors, Grno has not invested any of the investors’ money into an investment-related account since May 2007.

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<sup>1</sup> Unless otherwise noted, all statutory references are to the Wisconsin Statutes (2005-06), which were in effect at the time of the violations alleged and apply pursuant to § 551.703, Wis. Stats. (2007-08).

10. According to information obtained by Division staff from the financial records of Grno's account at the institution where Grno deposited the investment money obtained from selling the evidences of indebtedness to the investors, Grno used the investors' money primarily and substantially to make payments to other investors who had loaned money to Grno.

11. By engaging in the conduct described above in connection with the offer and sale of securities to investors, in a manner often described as a "Ponzi scheme," Grno 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.

12. By engaging in the conduct described above in connection with the offer and sale of securities to investors, particularly in representing that he would invest the money for the investors and failing to disclose that he would use the money for personal expenses, Grno has violated § 551.41(2) by making material misrepresentations of fact and omitting to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading.

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.

Dated this 2<sup>nd</sup> day of June, 2011.



Mark E. Dorman  
Examiner  
Bureau of Enforcement



Leslie M. Van Buskirk  
Attorney Supervisor  
Bureau of Enforcement