

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

In the Matter of
CHARLES M. MYERS, BRENDA L.
MYERS and KITCHEN INVESTMENT
GROUP, INC.,

PETITION FOR ORDER

Respondents.

File S-212884(EX)

The staff of the Bureau of Enforcement of the Division of Securities, Department of Financial Institutions, State of Wisconsin has conducted an investigation in this matter pursuant to §551.56, Wis. Stats.,¹ and as a result thereof alleges as follows:

1. Kitchen Investment Group, Inc. (“KIG”) is a Wisconsin corporation with a last known business address of 801 Deming Way, Madison, Wisconsin 53717. Its registered agent for service of process is Charles M. Myers, 801 Deming Way, Madison, Wisconsin 53717.
2. Charles M. Myers (“CMyers”) is an individual with a last known address of 4606 Signature Drive, Middleton, Wisconsin 53562. At all times material hereto CMyers has been CEO of KIG.
3. Brenda L. Myers (“BMyers”) is an individual, with a last known address of 4606 Signature Drive, Middleton, Wisconsin 53562. At all times material hereto BMyers has been the wife of CMyers and acted as an agent of CMyers and KIG.
4. Upon information and belief, on January 12, 2007, BMyers, acting as an agent of CMyers and KIG, visited a friend and former employee and asked her to invest \$300,000 to pay for urgent KIG business expenses until CMyers established a line of credit with another bank. BMyers told this Wisconsin investor it would only take a couple of weeks to change banks and the investor would then be repaid the \$300,000. BMyers appeared quite distraught to the investor at the time.
5. Upon information and belief, trusting the funds would be repaid in the time stated above because of their long standing relationship, the Wisconsin investor wrote a check out in the amount of \$300,000 payable to Brenda Myers with a notation made during the meeting by BMyers on the bottom of the check “K.I.G.I. Loan.”
6. By her conduct in soliciting the investment of the Wisconsin investor on behalf of KIG, BMyers created an investment contract between the Wisconsin investor and KIG.

¹ Unless otherwise noted, statutory references are to the Wisconsin Statutes (2005-06), which were in effect at the time of the violations alleged herein and apply pursuant to §551.706, Wis. Stats.(2007-08).

7. The investment contract between Respondents and the Wisconsin investor was a security as provided in §551.02(13), Wis. Stats and §DFI-Sec. 1.02(6), Wis. Admin. Code.

8. Upon information and belief, on November 21, 2006, a civil action for foreclosure of mortgage was filed in Dane County, Case Number 2006-CV-004031 against KIG, CMyers, BMyers and other entities owned and controlled by CMyers.

9. Upon information and belief, when she asked the Wisconsin investor for the \$300,000 for KIG's use on January 12, 2007, BMyers did not tell the Wisconsin investor about the civil action for foreclosure of mortgage filed on November 21, 2006.

10. Upon information and belief, Respondents could not repay the loan in two weeks as promised.

11. Respondents drafted a Promissory Note ("Note") indicating that Respondents would repay the \$300,000 at 8.55% interest with interest payments quarterly in the amount of \$6412.50, commencing on April 10, 2007 and continuing on the 10th day of each quarter thereafter until the entire unpaid principal balance and all accrued but unpaid interest was repaid. No due date was provided in the note, but upon default the Note became immediately due and payable.

12. Upon information and belief, the Note was signed by CMyers at some time in April 2007, but dated January 12, 2007. Upon information and belief, BMyers and the investors (husband and wife) signed it on April 5, 2007.

13. Upon information and belief, the investors received payments with the last payment on May 9, 2009, at which time a payment of \$2,500 was made to them which was to include a payment of \$6,250 for interest. No payments have been made since that date, and the note has been in default since that time.

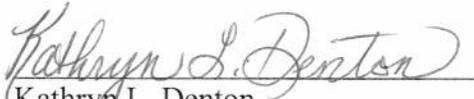
14. The Wisconsin investor has requested payment of the balance but has received no payments since May 9, 2009.

15. The promissory note described above is also an investment contract security as provided in §551.02(13), Wis. Stats. and §DFI-Sec. 1.02(6), Wis. Admin. Code.

16. In obtaining the Wisconsin investors' investment without disclosing the pending foreclosure action, Respondents violated §551.41(2), Wis. Stats., by making an untrue statement of a material fact or omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading.

Therefore, the staff of the Bureau of Enforcement petitions the Administrator of the Division of Securities to issue the attached order pursuant to Ch. 551, Wis. Stats.

Dated this 12th day of January, 2011.


Kathryn L. Denton

Examiner
Bureau of Enforcement



Leslie M. Van Buskirk
Attorney Supervisor
Bureau of Enforcement