

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

In the Matter of

GENESIS FULFILLMENT MANAGEMENT, LLC,
RUSSELL C. FREEMAN, and
NICHOLAS E. REZNY,

PETITION FOR ORDER

File No. S-210278 (EX)

Respondents.

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 Wis. Stat. § 551.602, and as a result thereof alleges as follows:

1. Genesis Fulfillment Management, LLC ("Genesis") is a Wisconsin limited liability company organized on June 10, 2010, with a last known business address of 3073 Chase Avenue #122, Milwaukee, Wisconsin 53207.
2. Russell C. Freeman ("Freeman") is an adult male born in May 1970, who at all times material hereto has been an owner, officer and/or controlling person of Genesis with a last known business address at Genesis.
3. Freeman created an irrevocable trust on January 30, 2008 to serve at the managing member of Genesis, and named his sister Ann Marie Borchardt as the trustee. Upon information and belief, the trust was entirely controlled by Freeman and created for the purpose of hiding his involvement in Genesis.
4. Nicholas E. Rezny ("Rezny") is an adult male born in September 1983, who at all times material hereto has been an agent of Freeman and Genesis with a last known business address at Genesis.
5. According to information and documents Rezny and Freeman provided to Division staff, Freeman offered and sold promissory notes of Genesis to at least two persons in Wisconsin from 2009 through 2010.
6. According to information and documents Rezny provided to Division staff, Freeman offered and sold Genesis promissory notes to at least 13 other persons in other states from 2009 through 2010.
7. According to information and documents Rezny provided to Division staff, Rezny, as an agent of Genesis, offered and sold Genesis promissory notes to at least one person in another state from 2009 through 2010.

15. On March 5, 2001, the Division issued a Summary Order of Prohibition and Revocation of Exemptions against Freeman and others based on allegations of securities fraud and sales of unregistered securities by an unlicensed agent.

16. According to the State of Wisconsin Consolidated Court Automation Programs ("CCAP") records, in 2002 Freeman was convicted of securities fraud and sentenced to 12 years in prison, with an order for restitution to victims of over \$2 million.

17. According to CCAP records and the Department of Corrections, Freeman was released from prison and placed on parole, which was revoked due to events referred to herein, and Freeman was ordered back to prison on March 4, 2011.

18. According to information in the court records of the U.S. District Court for the Eastern District of Wisconsin, Freeman was also convicted and sentenced on September 4, 2003 for federal securities-related charges, and he was on probation for those charges during the events alleged herein.

19. In connection with the offer and sale of the Genesis notes as described above, Genesis and Freeman omitted to disclose to Rezny and to the investors Russell Freeman's prior criminal convictions and administrative sanction referred to above.

20. Genesis and Freeman, as well Rezny acting as their agent, have violated § 551.501(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.

21. In connection with the offer and sale of the Genesis notes described above, Freeman willfully violated Wis. Stat. § 551.508 by offering and selling unregistered securities in Wisconsin to persons in violation of the Division's Summary Order of Prohibition and Revocation issued against Freeman on March 5, 2001.

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 7th day of ~~February~~ ^{March}, 2013.



Mark E. Dorman
Examiner



Leslie M. Van Buskirk
Attorney Supervisor