

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

In the Matter of
LESLIE G. FREGIEN,

PETITION FOR ORDER

File No. S-209834 (LX)

Respondent.

The staff of the Professional Registration & Compliance Bureau of the Division of Securities, Department of Financial Institutions, State of Wisconsin have conducted an investigation in this matter pursuant to Wis. Stat. § 551.602, and as a result thereof allege as follows:

1. Leslie G. Fregien ("Fregien") (CRD #1590366) is a registered investment adviser representative with AG Asset Management LLC, (AGAM) (CRD#133903) with a last known business address of 2412 Lathrop Ave., Racine, WI. 53405.
2. Fregien is the sole owner of AG Asset Management LLC. AGAM was licensed in Wisconsin on April 11, 2005.
3. Esquire Management LLC ("Esquire") was a private placement investment managed by Bradley J. Goodrich with a last known address at 220 St. Lawrence Ave., Janesville, WI 53545.
4. The Argurion Group Inc. ("Argurion") was registered as an SEC Investment Adviser firm from December 17, 1999 to June 6, 2005 and notice filed in Wisconsin from February 4, 2000 to June 6, 2005.
5. Strategic Asset Allocation Fund ("SAAF") was a private placement fund investment managed by Bradley J. Goodrich with a last known address of 220 St. Lawrence Ave., Janesville, WI 53545.
6. Fregien entered into an Asset Purchase Agreement with Argurion on December 26, 2004, where Argurion assigned its client contracts and fiduciary obligations to Fregien and AGAM. The newly licensed adviser firm was AGAM.
7. Fregien, acting as an Investment Adviser Representative for AGAM, recommended and placed at least one Wisconsin client into investments in Esquire that were unsuitable given the financial situation, investment objectives and risk tolerance of the investor, in violation of his fiduciary duty to the client.
8. Fregien, acting as an Investment Adviser Representative for AGAM, recommended and placed at least one Wisconsin client into investments in SAAF that were unsuitable given the financial situation, investment objectives and risk tolerance of the investor, in violation of his fiduciary duty to the client.
9. The Asset Purchase Agreement required (under "Obligations Relative to Gross Revenues") that AGAM and Fregien "...not to divert customers or Gross Revenues away from Buyer [AGAM]; and otherwise maximize Gross Revenues generated during the Payment Period [for the purchase]." The Payment Period was not defined and upon information and belief remains open ended. This contractual arrangement constitutes a conflict of interest that was not disclosed to clients, and caused Fregien and AGAM to direct the clients' investments almost exclusively to Esquire and/or SAAF in breach of the fiduciary responsibility of Fregien and AGAM.
10. The undersigned Respondent was affiliated with the Argurion Group, Inc. ("Argurion") through an Asset Purchase Agreement. Fregien, as the sole owner of AGAM entered into the agreement

by which Argurion assigned its investment adviser client contracts to Fregien and AGAM. As a consequence, Fregien owed a fiduciary responsibility to the Argurion clients as well as any newly-engaged clients of AGAM. On at least one occasion Fregien violated his fiduciary duty by placing a large percentage of a client's liquid net worth into an unsuitable private placement (Esquire and/or SAAF) with which he was affiliated. Fregien had a conflict with Argurion at the outset when placing clients into Esquire and SAAF.

11. Fregien solicited at least one Wisconsin client to invest additional funds not already managed by Fregien and AGAM into Esquire and/or SAAF without disclosure of the nature, purpose or risk factors of the investments, or the conflict of interest described above.
12. The activity outlined in ¶¶ 7 and 8 constitutes a dishonest or unethical practice and a breach of fiduciary duty as established by Investment Advisors Act Release No. IA-1092 and Section 206 of the Investment Advisors Act of 1940, and is a basis for censure of his investment adviser registration (RA) pursuant to Wis. Admin. Code § DFI-Sec. 5.06(1) and Wis. Stat. § 551.412(4)(m).
13. The activity outlined in ¶ 9 constitutes a dishonest or unethical practice and a breach of fiduciary duty as established by Investment Advisors Act Release No. IA-1092 and Section 206 of the Investment Advisors Act of 1940, and is a basis for censure pursuant to Wis. Admin. Code § DFI-Sec 5.06(1).
14. The activity outlined in ¶ 10 constitutes a dishonest or unethical practice and a breach of fiduciary duty as established by Investment Advisors Act Release No. IA-1092 and Section 206 of the Investment Advisors Act of 1940, and is a basis for censure of a registration pursuant to Wis. Admin. Code § DFI-Sec 5.06.
15. The lack of initial and ongoing suitability review of investor financial circumstances and the continued recommendation of investment into Esquire and SAAF constitutes a significant conflict of interest of the required fiduciary duty of an investment adviser or investment adviser representative under the Investment Adviser Act of 1940.
16. Under Wis. Stat. § 551.412, the Administrator may censure a registration of a representative if it is in the public interest or for the protection of investors, as demonstrated above.
17. THEREFORE, the staff of the Professional Registration & Compliance Bureau petitions the Administrator to issue an Order of Censure to Leslie G. Fregien.

DATED this 12th day of March 2013.



Leslie Van Buskirk
Attorney Supervisor
Bureau of Enforcement



Mark C. Eisenmann
Licensing Examiner
Professional Registration & Compliance Bureau