

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

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**In the Matter of**

**MARK P. WELHOUSE and  
WELHOUSE & ASSOCIATES, INC.,**

**Respondents.**

**ORDER TO SUSPEND  
INVESTMENT ADVISER  
AND REPRESENTATIVE  
REGISTRATION (SUMMARY)**

**File No. S-231591 (LX)**

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The Administrator of the State of Wisconsin, Department of Financial Institutions (“DFI”), Division of Securities (“the Division”), having authority to administer and provide for enforcement of the Wisconsin Uniform Securities Law, Chapter 551, Wis. Stats. (“WUSL”), and having determined that this action is necessary and appropriate in the public interest and for the protection of investors, hereby enters this Order suspending Respondents’ registrations.

Division Staff has presented evidence sufficient for the Administrator to make the following findings of fact and conclusions of law:

**RESPONDENTS**

1. Welhouse & Associates, Inc., (“W&A”) (CRD#111752) is a Wisconsin corporation organized in September, 2000 which has been registered with the Division as an Investment Adviser from September 14, 1999 through the present, with a last known business address of 261 N. River Drive, Appleton, WI 54915.
2. Mark P. Welhouse (“Welhouse”) (CRD# 1490528) is a registered investment adviser representative with W&A, since September 14, 1999. Welhouse is the President and sole shareholder of W&A.

**FINDINGS OF FACT**

3. According to records from the Wisconsin Department of Financial Institutions, Division of Corporate and Consumer Services, Welhouse was the sole director and President of Fox Valley Land Company, LLC (“FVLC”), which was incorporated on August 25, 2005. FVLC was a non-qualified real estate development created by Welhouse outside of W&A. The Vice President of FVLC was the brother of Welhouse. FVLC’s corporate status is “Delinquent” as of July 1, 2014.
4. Welhouse represented to potential investors that FVLC would invest funds from the sale of units to investors into developing the Crestview residential subdivision in Appleton, WI (“Crestview”). Welhouse sold units of FVLC as an unregistered private placement to several advisory clients of W&A between 2005 and 2009.

5. FVLC invested funds from the sale of units to investors into Breezewood Properties (“Breezewood”), a partnership owned by Welhouse’s brother and his brother’s wife, to develop Crestview.
6. Crestview was foreclosed on in 2012.
7. The Division initiated an investigation into Welhouse, W&A, and FVLC after receiving a complaint from a former W&A advisory client. The investigation is currently open.
8. On June 29, 2015, the SEC issued an order instituting administrative and cease-and-desist proceedings pursuant to Section 21C of the Securities Exchange Act of 1934, Sections 203(e), 203(f), and 203(k) of the Investment Advisers Act of 1940, and Section 9(b) of the Investment Company Act of 1940 against W&A and Welhouse for engaging in fraudulent trade allocation (“the Order”).
9. Per the Order, on January 28, 2014, the SEC recorded an interview with Welhouse.
10. Welhouse did not amend his Form U-4 to reflect the SEC’s ongoing investigation within 30 days of receiving notification of the investigation.
11. Per Wis. Stat. § 551.411(4), Welhouse and W&A were inspected by Division examiners on March 11, 2014 and May 20, 2015. When Welhouse was asked whether he or W&A were the subject of any regulatory investigation, he responded in the negative.

#### CONCLUSIONS OF LAW

12. The placement of investments into FVLC through W&A was a conflict of interest for Welhouse.
13. Per Wis. Admin. Code § DFI Sec. 5.04(3)(c), an investment adviser representative registered in Wisconsin must update information contained in their application by filing an amendment to Form U-4 with the central registration depository within 30 days of the date of the event that requires filing of the amendment.
14. Per Wis. Stat. § 551.412(4)(q), a registrant may be disciplined if he has made any material misrepresentation to or withheld or concealed any material fact from the administrator, or has refused to furnish information reasonably requested by the administrator.
15. Welhouse’s actions in ¶¶ 10 and 11 were material misrepresentations attempting to conceal the SEC’s investigation from the Division, and provide a basis for suspension of a registration pursuant to Wis. Stat. § 551.412(4)(q).

Therefore, pursuant to Wis. Stat. § 551.412, and Wis. Adm. Code § DFI-Sec. 5.09,

**IT IS ORDERED THAT:**

1. Mark P. Welhouse (CRD # 1490528) and Welhouse & Associates, Inc. (CRD# 111752) are hereby suspended for making material misrepresentations and concealing materials facts concerning regulatory investigations from the Division administrator. These violations form a basis for suspension of a registration pursuant to Wis. Stat. § 551.412(4)(q).
2. The investment adviser representative registration of Mark P. Welhouse is hereby suspended through the conclusion of both the Division's open investigation of DFI File No. S-231591(LX) and the SEC's Administrative Proceeding File No. 3-16657
3. The investment adviser registration of Welhouse & Associates is hereby suspended through the conclusions of the Division's open investigation of DFI File No. S-231591 (LX) and the SEC's Administrative Proceeding File No. 3-16657.

EXECUTED at Madison, Wisconsin, this 30<sup>th</sup> day of July, 2015.

(SEAL)



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Patricia D. Struck  
Administrator  
Division of Securities

**NOTICE**

You are advised that any willful violation of an Order issued by the Administrator of the Division of Securities under Wis. Stats., Ch. 551 is a criminal offense punishable under Wis. Stat. § 551.508.

**YOU ARE FURTHER NOTIFIED** that, within 15 days after the Division's receipt of a request, the Division will schedule the matter for hearing. If you do not request a hearing within 30 days after the date of service of this Notice and Summary Order of Suspension, the Order, including the imposition of any civil penalties or requirement for payment of restitution, disgorgement, interest, or the costs of investigation sought in a statement in the Order, shall become final by operation of law.

**The failure to file a written petition within the required time shall constitute a waiver of the right to a hearing and the Summary Order of Suspension shall become final by operation of law.**