

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

In the Matter of

**SUMMARY ORDER TO CEASE &
DESIST**

**BAGS, LLC d/b/a
NATIONAL BUSINESS
MANAGEMENT CONSULTANTS, and
FRANK GEORGE BAGNIEFSKI,**

File No. S - 228329 (EX)

Respondents.

I.

The Administrator of the State of Wisconsin, Department of Financial Institutions, Division of Securities ("Division"), having legal authority and jurisdiction to administer and enforce Wis. Stat. Ch. 551, the Wisconsin Uniform Securities Law ("Ch. 551") and Wis. Admin. Code Ch. DFI-Sec, deems it necessary and appropriate in the public interest and for the protection of investors, to issue the following:

II.

After an investigation, the Division has presented evidence sufficient for the Administrator to make the following findings of fact and conclusions of law:

A. Findings of fact.

Respondents

1. Bags, LLC, d/b/a National Business Management Consultants ("NBMC") is a Wisconsin limited liability company organized on May 29, 2001 with last known business addresses of 3159 Voyager Drive in Green Bay, Wisconsin 54311 and 515 N. Meridian Street, Washington, Indiana 47501.¹
2. Frank George Bagniefski ("Bagniefski") is an adult male resident of Wisconsin born in January 1973 and was at all material times the owner and sole member of Bags, LLC d/b/a NBMC. Bagniefski's last known address is Fox Lake Correctional Institution, W10237 Lake Emily Road, P.O. Box 147, Fox Lake, WI 53933-0147.

Conduct

3. In or about April 2007, Bags, LLC obtained a trademark of the name "Bags, LLC DBA National Business Management Consultants."
4. Bagniefski falsely represented to potential investors that NBMC was a small business lender and utilized private investments to fund small business loans. As detailed herein, Bagniefski took moneys invested with NBMC for his own personal use and did not use the funds for the business purpose that Bagniefski represented to investors.
5. Bagniefski never disclosed to investors that "NBMC" was an alias for Bags, LLC, or that Bagniefski was the sole owner and member of the company.

¹ NBMC's Indiana address purported to have a mailing address of PO Box 1529, Washington, Indiana 47501.

6. Bagniefski was employed by 1st Rate Lending at all times material until early 2013, and worked out of an office located in Green Bay, Wisconsin (“1st Rate Lending office”).
7. In or about February 2008, Bagniefski filed for Chapter 7 bankruptcy in the United States District Court for the Eastern District of Wisconsin. In or about May 2008, the bankruptcy plan was approved by the court and Bagniefski’s debts were discharged.
8. Correspondence provided to investors as detailed herein identifies NBMC’s physical address as “515 N. Meridian Street, Washington, Indiana 47501.” However, records obtained by the Division revealed that the address is actually the residential address of Bagniefski’s sister.
9. Bagniefski never disclosed to any investors that NBMC’s purported street address was actually the residential address of Bagniefski’s sister.
10. Correspondence provided to investors as detailed herein identifies NBMC’s mailing addresses as “P.O. Box 1529, Washington, Indiana, 47501” and “P.O. Box 676 Washington, Indiana 47501”. However, in early 2012, Bagniefski directed his sister to open a P.O. Box for NBMC and list herself as the contact person. Bagniefski was also listed on the application and could access its contents.
11. Bagniefski never disclosed to any investors that NBMC’s purported post office box was actually maintained by Bagniefski and his sister.
12. Records obtained by the Division revealed that the nbmc2001@rocketmail.com email address had an IP traced back to Bagniefski at his personal address in Green Bay and the 1st Rate Lending office.
13. In May 2010, Bagniefski advised a Wisconsin resident (“Investor 1”) that he was a representative for NBMC, a company in the business of issuing high interest business loans to small companies, which were funded with private investor money. Bagniefski informed Investor 1 that by investing with NBMC, he would receive a 10 percent (10%) return on his investment within 90 days.
14. On June 10, 2010, Investor 1 met with Bagniefski at the office of 1st Rate Lending in Green Bay, Wisconsin, which was Bagniefski’s place of employment at that time. Investor 1 delivered a \$12,000 personal check to Bagniefski and instructed him that the money was to be invested with NBMC. Bagniefski promised that Investor 1’s money would be invested with NBMC.
15. Investor 1 received a letter dated August 3, 2010, purportedly from an individual named “Thomas,” President of NBMC. This letter, accompanied a notarized copy of the promissory note executed with NBMC, informed Investor 1 that his note would mature on September 9, 2010, at which time Investor 1 would have the option either to extend his note for another 90 days at the same 10 percent interest, or end his investment and receive a full payout of his principal and interest. A true and accurate copy of the letter and promissory note are attached and referenced herein as “Exhibit 1.”
16. After the note reached its maturity date, Investor 1 requested payment of his principal and interest. Bagniefski told him that his money had accidentally been rolled into another 90-day note, along with the interest accrued under his initial promissory note dated June 10, 2010.

17. Another 90 days passed without Investor 1 receiving any payment. When Investor 1 contacted Bagniefski about the missed payment, Bagniefski told him that "Tom" at NBMC was going to send him a check; however, Investor 1 never received the check from NBMC.
18. In April 2012, Bagniefski told Investor 1 that he had not received any payment because NBMC was insolvent. Bagniefski represented that he would pay Investor 1 back with his own funds, but Bagniefski never paid any funds to Investor 1.
19. To date, Investor 1 never received any principal or interest payments from his investment in NBMC from Bagniefski or NBMC.
20. In or about December 2011, in Brown County, Wisconsin, Bagniefski induced a resident of Massachusetts who was relocating to Wisconsin ("Investor 2") to give funds to Bagniefski purportedly to be invested with NBMC.
21. Bagniefski informed Investor 2 that she would receive a higher rate of return by investing with NBMC than she could achieve through a financial institution, and that Bagniefski would personally forward Investor 2's funds to be invested with NBMC.
22. In or about November 2011, Bagniefski met Investor 2 in her home in Green Bay, Wisconsin, where she gave him a personal check payable to NBMC in the amount of \$30,000 for her investment.
23. In December 2011, Investor 2 received a letter purportedly from the New Client Relations Team at NBMC, which confirmed receipt of her \$30,000 investment. The letter represented that Investor 2 would receive a guaranteed rate of return on her investment of "9.885 % APR". A true and accurate copy of the letter is attached and referenced hereinafter as "Exhibit 2."
24. In April 2012, Investor 2 received another letter purportedly from the NBMC Client Relations Team, informed Investor 2 that her first quarter investment had earned an annual rate of return of 9.91 percent. The letter also informed Investor 2 of NBMC's new mailing address of P.O. Box 676, Washington, Indiana 47501, but that the email address was still nbmc2001@rocketmail.com.
25. In or about July 2012, Investor 2 met with Bagniefski in Green Bay, Wisconsin and requested a return of the funds invested with NBMC to cover outstanding debt obligations. Bagniefski instead persuaded Investor 2 to redeem certificates of deposit amounting to \$15,000 and deposit those funds with NBMC by representing that Bagniefski would pay Investor 2's bills from her NBMC investment account. Bagniefski instructed Investor 2 to stop paying her bills because Bagniefski would pay them on her behalf from the NBMC account.
26. In or about February 2013, Investor 2 met with Bagniefski in Green Bay, Wisconsin and provided Bagniefski with another \$5,000 with instructions to invest those funds with NBMC. Bagniefski provided Investor 2 with a written receipt confirming delivery of the investment funds.
27. According to Bagniefski's bank records, Bagniefski never forwarded any funds to be invested on behalf of Investor 2. Instead, Bagniefski deposited Investor 2's funds into Bagniefski's business and personal bank accounts and then depleted Investor 2's funds to make a payment on a personal debt and for his own personal use.

28. Investor 2 has never received her principal or interest from Bagniefski or NBMC.
29. In December 2011, Bagniefski induced another Wisconsin resident ("Investor 3"), to give Bagniefski money by falsely claiming that he would forward the funds to be invested with an investment firm in Indiana called NBMC.
30. Bagniefski informed Investor 3 that Bagniefski had invested his personal funds with NBMC, that her investment would be utilized by NBMC to make loans to small businesses that could not obtain conventional funds, and that NBMC would guarantee a rate of return of 7.75 percent (7.75%) on her investment.
31. In January 2012, Investor 3 sent an email to nbmc2001@rocketmail.com at Bagniefski's instruction to inquire about investment opportunities with NBMC. Investor 3 received an email reply purportedly from the NBMC "New Investor Relations Department" at nbmc2001@rocketmail.com, generally describing NBMC's business and the investment opportunity available.
32. Investor 3 received a letter dated January 23, 2012 purportedly from an individual named "Thomas Dekamp," a representative of "NBMC Investor Relations". The letter advised Investor 3 that NBMC had forwarded a "standard investment agreement" to Bagniefski for her to sign. The letter also stated that the initial rate of return for her investment would be 7.775 percent (7.775 %), that the return would be guaranteed in the first year, and that Investor 3 would be offered a new rate for the following year that Investor 3 could either accept or decline. A true and accurate copy of the letter is attached and referenced to hereinafter as "Exhibit 3."
33. On January 23 2012, Investor 3 met with Bagniefski at his employer's office, where he presented Investor 3 with a document called "NBMC Initial Investment Agreement", which stated that Investor 3 would invest \$15,000 in the "NBMC business development fund" and receive 7.775 percent (7.775 %) interest annually on the investment. The document purported to be digitally signed by "Thomas Dekamp" of NBMC, and indicated that NBMC was located at 515 N. Meridian Street, Washington, Indiana 47501, with a mailing address of PO Box 1529, Washington, Indiana 47501. A true and accurate copy of the "NBMC Initial Investment Agreement" is attached and referenced to hereinafter as "Exhibit 4."
34. On January 23, 2012, Investor 3 gave Bagniefski a personal check payable to NBMC in the amount of \$15,000 in reliance on Bagniefski's representation that he would forward the investment check to NBMC.
35. In September 2012, Investor 3 received a written update purportedly from "Thomas Dekamp" of NBMC advising her that her \$15,000 investment was on pace to gain 9.15 percent (9.15 %), and offered Investor 3 the opportunity to join NBMC's Diamond program for investors, which offered a guaranteed minimum return rate of 13.65 percent (13.65 %) for a \$50,000 investment.
36. In January 2013, Investor 3 emailed a request for her principal and interest to nbmc2001@rocketmail.com. In March 2013, Investor 3 received an email from nbmc2011@rocketmail.com stating that a request for withdrawal on her account had been made and that she should receive payment the following week.
37. In April 2013, Investor 3 received another email purportedly from "Thomas Dekamp" at nbmc2001@rocketmail.com stating that her check was processed and was being sent to

her. A few days later, Investor 3 received another email stating that her investment check came back undeliverable, and requested she verify her address. Investor 3 responded with her address via email to both NBMC and Bagniefski.

38. Investor 3 has never received any payment of interest or any repayment of her principal investment.
39. According to Bagniefski's bank records, the funds provided by Investor 3 to Bagniefski were never invested as Bagniefski represented. Instead, the funds were deposited into Bagniefski's bank account and were depleted by Bagniefski for his personal use and to pay previous debts owed by Bagniefski.
40. Prior to the investment in NBMC, Bagniefski failed to disclose to at least two investors that Bagniefski filed for Chapter 7 bankruptcy in the United States District Court for the Eastern District of Wisconsin in February 2008.

B. Conclusions of Law

Legal Authority and Jurisdiction

41. The Administrator has legal authority and jurisdiction over the conduct described above, pursuant to Ch. 551, and the rules and orders promulgated thereunder.
42. The NBMC promissory note sold to Investor 1 is a security pursuant to Wis. Stat., § 551.102(28).
43. The investments of Investors 2 and 3 into the common enterprise of NBMC with the expectation of profit to be derived through the essential managerial efforts of others were investment contracts, which are included in the definition of a "security" pursuant to Wis. Stat. § 551.102(28)(d)1.
44. Pursuant to Wis. Stat. § 551.501(2), it is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly to make an untrue statement of material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.
45. Pursuant to Wis. Stat. § 551.502(3), it is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly to engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

Violations

46. As detailed above, Bagniefski violated Wis. Stat. § 551.501(2) when he, in connection with the offer and sale of securities, made untrue statements of fact and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading.
47. As detailed above, Bagniefski violated Wis. Stat. § 551.501(3) when he, in connection with the offer and sale of securities, engaged in an act, practice, or course of business that operated or would operate as a fraud or deceit on another person in the connection with the offer and sale of securities to persons in Wisconsin.

III.

In view of the above findings of fact and conclusions of law, the Administrator deems it necessary and appropriate in the public interest and for the protection of investors, and pursuant to its legal authority and jurisdiction under Ch. 551, to-wit Wis. Stat. § 551.604, to issue the following orders and notices:

A. Summary orders.

- (a.) IT IS ORDERED summarily that RESPONDENTS, their agents, servants, employees, and every entity and person directly or indirectly controlled or organized by or on behalf of any RESPONDENT, shall cease and desist from making or causing to be made to any person or entity in Wisconsin any further offers or sales of securities unless and until such securities qualify as covered securities or are registered under Ch. 551 or successor statute, pursuant to Wis. Stat. §§ 551.604(1)(a) and (2).
- (b.) IT IS FURTHER ORDERED summarily that all exemptions from registration set forth at Ch. 551 or successor statute that might otherwise apply to any offer or sale of any security of or by any of the RESPONDENTS, their successors, affiliates, controlling persons, and every entity and person directly or indirectly controlled or organized by or on behalf of any RESPONDENT, are hereby revoked pursuant to Wis. Stat. §§ 551.604(1)(b) and (2).
- (c.) IT IS FURTHER ORDERED summarily that RESPONDENTS, their agents, servants, employees and every entity and person directly or indirectly controlled or organized by or on behalf of any RESPONDENT, are prohibited from violating Wis. Stat. § 551.501 or successor statute.
- (d.) IT IS FURTHER ORDERED summarily that RESPONDENTS, their successors, affiliates, controlling persons, officers, agents, servants, employees, and every entity and person directly or indirectly controlled or hereafter organized by or on behalf of either RESPONDENT, are prohibited from violating Ch. 551 or successor statute that might otherwise apply to any offer or sale of a security of or by RESPONDENTS.
- (e.) PLEASE TAKE NOTICE that these summary orders are effective upon the issuance date below.

B. Service of order.

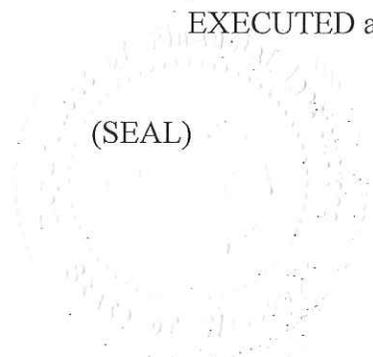
- (a.) IT IS FURTHER ORDERED that this order shall be sent promptly by certified mail to each party named in the order at his or her last known address or to the party's attorney of record, or shall be personally served upon the party or the party's attorney of record, pursuant to Wis. Admin. Code § DFI-Sec 8.06. The date of the service of this order is the date it is placed in the mail.

C. Notice of hearing rights.

- (a.) PLEASE TAKE NOTICE that you have the right to request a hearing. Every request for a hearing shall be in the form of a petition filed with the Division, pursuant to Wis. Admin. Code § DFI-Sec 8.01. A petition for a hearing to review an order shall:
- (1) Plainly admit or deny each specific allegation, finding or conclusion in the order and incorporated papers. However, if the petitioner lacks sufficient knowledge or information to permit an admission or denial, the petition shall so state, and that statement shall have the effect of a denial; and
 - (2) State all affirmative defenses. Affirmative defenses not raised in the request for hearing may be deemed waived.
- (b.) PLEASE TAKE FURTHER NOTICE that this order is effective on the date it is issued. You are advised that any willful violations of an order issued by the Division under Ch. 551 is a criminal offense punishable under Wis. Stat. § 551.508.
- (c.) PLEASE TAKE FURTHER NOTICE that, within 15 days after receipt of a request in a record from you, the matter will be scheduled for a hearing or other public administrative proceedings, pursuant to Wis. Stat. §§ 551.604(2) and (3).
- (d.) PLEASE TAKE FURTHER NOTICE that if you do not request a hearing and none is ordered by the Administrator within 30 days after the date of service of this order, the findings of fact, conclusions of law, and summary and proposed orders, including the imposition of a civil penalty or requirement for payment of restitution, disgorgement, interest, or the costs of investigation sought in a statement in the order, becomes final by operation of law, pursuant to Wis. Stat. § 551.604(2).

EXECUTED at Madison, Wisconsin, this 19th day of October, 2016.

(SEAL)



Leslie M. Van Buskirk

Leslie M. Van Buskirk
Administrator

State of Wisconsin
Department of Financial Institutions
Division of Securities
201 West Washington Avenue, Suite 300
Madison, Wisconsin 53703



State of Wisconsin
Department of Financial Institutions

Scott Walker, Governor

Lon E. Roberts, Secretary

AFFIDAVIT OF SERVICE

STATE OF WISCONSIN)
) ss.
COUNTY OF DANE)

I, JAKI WELTER, first being duly sworn, depose and state:

1. I am employed as a state civil service employee with the State of Wisconsin, Department of Financial Institutions, Division of Securities.

2. On the date of this Affidavit and in the course of regularly conducted activity, I have caused to be deposited in the U.S. mail: (1) the Administrator's order (attached); and (2) a copy of this Affidavit of Service, to be served by certified mail upon the subject of the order at the subject's last known address; and I have also caused to be served copies of those same documents upon the Administrator for the Division of Securities, pursuant to Wis. Stat. §§ 227.48, 551.611, and 891.46; and Wis. Admin. Code. §§ DFI-Sec 8.06 and 8.07.

3. On the date of this Affidavit and in the course of regularly conducted activity, I have also caused a copy of the Administrator's order and this Affidavit of Service to be posted on the Division of Securities' Administrative Orders section of the State of Wisconsin, Department of Financial Institution's website, www.wdfi.org/newsroom/admin_orders/dos_default.htm.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

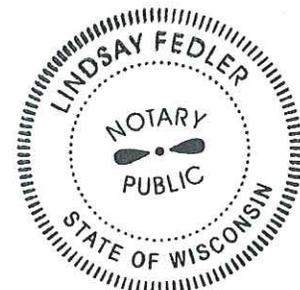
JAKI WELTER (with signature)

State of Wisconsin
Department of Financial Institutions
Division of Securities

Subscribed and sworn to before me
This 19 day of October, 2016.

Lindsay Fedler (Notary Seal)

Lindsay Fedler
Notary Public, State of Wisconsin
My commission is permanent.



National Business Management Consultants

[REDACTED]
[REDACTED]
Green Bay WI 54303

August 03,2010

[REDACTED]

Here is the notarized copy of your note executed with National Business Management Consultants. We are also writing you to confirm that your current note #864-2010-01 comes due on September 9th 2010. You have the option of extending your note for another 90 days at the same 10% payout. If you choose to do this your current interest dividend of \$1200.00 will be paid to you at the end of the current note. This check will be mailed to you within ten business days. Then your principal rolled over. If you wish you can also roll in your current dividend to the principal of the note and be paid interest as well. Or you can choose to end your investment with us and receive a full payout of principal and interest.

Please send me an e-mail regarding your intentions of what you would like to do. Our e-mail address is nbmc2010@yahoo.com . I believe you are friends with a business associate of ours as well Frank Bagniefski. We appreciate your investment and have enjoyed doing business with you. If you know anyone else interested in investing please let us know as we are always looking for new quality investors such as yourself. Thanks for you time and have a great day.

Thomas
President
NBMC



NBMC

National Business
Management Consultants
and Investments

December 2, 2011



Welcome to the National Business Management Consultants and Investment Group! We wanted to send an email and confirm receipt of your \$30,000.00 investment. This will be your initial receipt. A full informational packet will be forwarded to you at the end of the month. Mr. Bagniefski advised us that you will be obtaining a permanent residence in Green Bay at the end of December.

Let us congratulate you on your move to the area. We look forward to working with you and giving you a great rate of return. Your guaranteed rate of return on your current investment will be 9.885%APR. this is a great rate of return. The information packet will come certified mail the first week of January to your new residence. Thanks and again welcome to our investment family!!

New Client Relations Team
NBMC
Nbmc2001@rocketmail.com

| N

EXHIBIT 2



NBMC

National Business
Management Consultants
and Investments

January 23, 2012



Welcome to the NBMC Investment Group we are pleased to welcome you to our Investment team. We have forwarded the standard investment agreement to Mr. Bagniefski for you to sign and keep a copy for your records. You will receive a package of information along with a notarized copy of this agreement in the mail from us in about 10-14 days. The Best form of contact with us is our e-mail nbmc2001@rocketmail.com.

Your initial rate of return is 7.775% and is guaranteed as the first year return. At the close of that year you will be offered a new rate for the following year which is yours to accept or decline should you decide to stay in the premiere investment program. Current investors are given all current bonuses and special investment incentives that are offered.

Thank you for choosing to be a preferred investor and we look forward to working with you for your financial future with a great rate of return and excellent service.

Sincerely,

Thomas Dekamp

NBMC Investor Relations

Nbmc2001@rocketmail.com

\$ 15,000

ck 204

1-23-12



EXHIBIT 3



NBMC

National Business
Management Consultants
and Investments

NBMC Initial Investment Agreement

This investment agreement has been drafted on 01/23/2012 between [REDACTED] residing at:

Address: [REDACTED] Appleton WI 54913

And National Business Management Consultants with head office located at:

Address: 515 N. Meridian Street Washington Ind. 47501

This agreement is being drafted as per the Indiana State laws.

Terms and conditions:

1. [REDACTED] will be investing in the NBMC business development fund. She will be investing a total amount of \$15000.00.
2. [REDACTED] will be receiving 7.775% on her investment annually.

Find the signature of both the parties mentioned below:

Signature of the investor:

Signature of the investment company:

digitally signed Thomas Dekamp