

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

In the Matter of
KEVIN M. JERECZEK, ALLEN
NIMMER, LOUIS H. LACOUNT and
GATES, PAUL & LEAR, L.L.C.,

PETITION FOR ORDER

Respondents.

File No. S-98109(EX)

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

1. Kevin M. Jereczek (“Jereczek”) is an individual, with a last known address of 1948 Mulberry Lane, Green Bay, Wisconsin 54304.
2. Allen Nimmer (“Nimmer”) is an individual, with a last know address of 1964 Blueberry Lane, Green Bay, WI 54304.
3. Louis H. LaCount (“LaCount”) is an individual, with a last known address 2534 Telluride Trail, Green Bay, Wisconsin 54313.
4. Gates, Paul & Lear, L.L.C. (“GPL”) is a business entity, with a last known business address of 2763 Manitowoc Road, Green Bay, Wisconsin 54311.
5. Jereczek, at all times material hereto, has been identified as an organizer, manager, owner, controlling member and acting attorney for GPL.
6. Nimmer, at all times material hereto, has been identified as an organizer, managing member, owner and controlling member of GPL.
7. LaCount, at all times material hereto, has been an employee of GPL, with his primary responsibilities to include meeting with potential new clients, negotiating client debts, assisting in training of negotiation staff, assisting in development of new offices, assisting with on-site training of new offices, and assisting in the development of new office training materials.
8. Upon information and belief, in approximately August or September of 1997, Nimmer and LaCount met at the home of a Wisconsin resident in Shawano County to discuss debt consolidation and investing.
9. Upon information and belief, Nimmer told the Wisconsin investor he was in the business of investing and debt consolidation with a firm by the name of GPL. Nimmer identified LaCount as an employee of GPL.

10. Upon information and belief, LaCount told the Wisconsin investor she would get a better return on her investment if she cashed in her IRA and invested the money through GPL. LaCount told the Wisconsin investor she would not incur a penalty for cashing in her IRA.

11. Upon information and belief, LaCount told the investor the money would be lent out to another entity and would earn 13% interest per month and the investor would receive an interest check every month to make payments on her credit card bills.

12. Upon information and belief, LaCount told the Wisconsin investor she could consolidate her debts and LaCount would find a lender to loan the investor money to pay the debts off. The investor would then pay off her loan to this third party lender at a lower rate than that which she would earn by lending the money from her IRA to GPL. The Wisconsin investor was told she could withdraw money at any time from her account at GPL.

13. The Wisconsin investor provided LaCount with information regarding her assets and debts, including all credit cards and credit card numbers.

14. Upon information and belief, on September 16, 1997, the Wisconsin investor cashed in her IRA and obtained a Cashier's Check in the Amount of \$46,525.68. The investor then signed the check over to GPL and handed the check to LaCount at the offices of GPL.

15. This check was deposited into the Wisconsin investor's account at GPL for the purpose of being reinvested to provide the Wisconsin investor with a thirteen percent (13%) return. The Wisconsin investor signed a Promissory Note with Nimmer, on behalf of GPL, on September 16, 1997 for the amount of \$46,525.68.

16. Upon information and belief, in late 1997, LaCount told the Wisconsin investor she needed to sell her house in order to pay her bills. GPL negotiated the sale of the house and the proceeds from the sale were \$16,980.56, which was placed in the Wisconsin investor's account at GPL. This money remained in the account of the investor at GPL and the investor signed a Promissory Note with Nimmer on behalf of GPL on January 16, 1998 for the amount of \$16,980.56. This money was to be reinvested by GPL to provide a thirteen percent (13%) return.

17. LaCount did not tell the Wisconsin investor he was convicted in Brown County Circuit Court on July 15, 1993 and November 12, 1993 of theft by fraud and theft by contractor, and sentenced to six years in prison. He was then placed on probation for six years to run concurrently with the six years prison sentence he received.

18. LaCount did not tell the Wisconsin investor he had a history of numerous monetary civil judgments and tax warrants filed against him in previous years, some of which were large sums of money.

19. Respondent LaCount has violated sec. 551.41(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.

20. Pursuant to sec. 551.02(13)(a), Wis. Stats., the definition of “security” includes any note.

21. The Notes have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.

22. All Respondents have violated sec. 551.21(1), Wis. Stats., by offering unregistered securities in Wisconsin.

23. On May 27, 1996, Jereczek was suspended from the practice of law for a 60-day period for, among other things, neglecting clients’ cases, failing to comply with continuing legal education requirements and misrepresenting to a court his eligibility to appear in a proceeding.

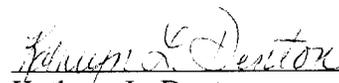
24. Jereczek was charged in Brown County Circuit Court on February 14, 2002 on six counts including Theft-False Representation, Theft-Movable Property, Forgery-Uttering, Fraudulent Writings by Corporate Officer and Theft-Business Setting.

25. LaCount was charged in Brown County Circuit Court on February 14, 2002 on nine counts including Theft-False Representation, Making False Statements in a Securities Sale, Theft-Movable Property, Forgery-Uttering, Fraudulent Writings by corporate Officer, and Theft-Business Setting.

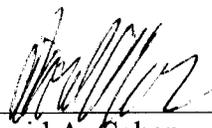
26. According to allegations in court documents, LaCount is considered a repeat offender.

27. Based on the above, pursuant to sec. 551.60(3), Wis. Stats., an Order of Prohibition and Revocation is required for the public interest and for the protection of investors.

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


Kathryn L. Denton
Examiner
Enforcement Unit

6/20/03
Date


David A. Cohen
Supervising Attorney
Enforcement Unit

6/20/03
Date