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

In the Matter of
THOMAS J. STEINMETZ JR.,

Respondent.

PETITION FOR ORDER

File No. S-02196 (EX)

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

1. Thomas J. Steinmetz Jr. (hereinafter, "Steinmetz") is an individual who, at all times material hereto, has been the primary operator and/or controlling person of Central Wisconsin Coin Co., Inc. (hereinafter, "CWCC") and Wisconsin Coin & Precious Metal, Inc. (hereinafter, "WCPM") with a last known home address of 1901 Pecan Parkway, Marshfield, Wisconsin 54449 and business address of 231 South Central Avenue, P.O. Box 266, Marshfield, Wisconsin 54449;

2. Upon information and belief, during 2000 and 2001, Steinmetz, on behalf of WCPM, offered and sold to at least 17 persons, of which at least 3 persons are accredited investors, who were either his close friends, acquaintances, or family members, in what was described as working interests in gas-well ventures;

3. Upon information and belief, Steinmetz represented to those persons referred to in Paragraph 2 above that he would invest their funds in the gas-well ventures along with the money of other persons, and that they would own an interest in a percentage of the production of the gas wells, with a return-on-investment based on their percentage of ownership of the working interests in the gas-well ventures;

4. Upon information and belief, Steinmetz also promised to at least some of the persons referred to in Paragraph 2 above a return on investment each month, and the return of their principal upon request;

5. Upon information and belief, Steinmetz contacted most of the investors referred to in Paragraph 2 above, some of whom were Wisconsin residents, from his home or business in Marshfield, Wisconsin, to discuss the gas-well ventures, and all investor funds were placed in a Wisconsin bank account controlled by Steinmetz, from which they were then sent to Blue Sky Exploration & Development, Ltd. (hereinafter, "BSED, Ltd.") in Florida;

6. The working interests in the gas-well ventures referred to in Paragraph 3 above are securities as provided in § 551.02(13) of Wis. Stats.;
7. Upon information and belief, Steinmetz is a limited partner in BSED, Ltd. which holds the lease interests in the gas-well ventures referred to in Paragraph 2 above, and that the general partner of BSED, Ltd. is Blue Sky Exploration & Development, LLC, a Florida limited liability company managed by a Florida resident, named Carmen L. Spinella (hereinafter, "Spinella");

8. Spinella informed Staff of the Division of Securities that Spinella maintains the books and records of BSED, Ltd., and that Steinmetz was the only individual investor on the books;

9. According to records obtained by Staff of the Division of Securities from the accountant for Steinmetz and his business entities, the investment transactions involving those persons referred to in Paragraph 2 above are listed on the books and records of WCPM as loans to WCPM for gas investments;

10. According to records obtained by Staff of the Division of Securities from the accountant for Steinmetz and his business entities, Steinmetz, CWCC, WCPM, and other business entities controlled by Steinmetz have loaned to and invested in the gas-well ventures referred to in Paragraph 2 above through BSED, Ltd.;

11. In connection with the offer and sale of the securities in Wisconsin to persons referred to in Paragraph 2 above, Steinmetz represented to those persons that they had invested in and thereby owned a percentage interest in gas-well ventures, when in fact he did not record their interests in any form other than to show that those persons had loaned their money to WCPM, which was then paid to BSED, Ltd. for the gas investments referenced in Paragraph 10;

12. Steinmetz has violated § 551.41(2), Wis. Stats., by omitting to state material facts 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 a security to a person in Wisconsin, as set forth above;

Therefore, the Staff of the Bureau of Registration & Enforcement petitions the Administrator of the Division of Securities for the issuance of the attached Order pursuant to Ch. 551 of Wis. Stats.

Mark E. Dorman Date
Examiner

Leslie Van Buskirk Date
Staff Attorney