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

In the Matter of

JEFFREY J. KAIN and
PETER D. KRZYZANIAK,

Respondents.

PETITION FOR ORDER

File No. S-03068 (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, Wis. Stats., and as a result thereof alleges as follows:

1. Jeffrey J. Kain ("Kain") is an individual whose last known address is 9151 Voetmann Road, Fall Creek, Wisconsin 54742, and who possesses a Wisconsin insurance agent license, but not a Wisconsin securities agent license;

2. Peter D. Krzyzaniak ("Krzyzaniak") is an individual whose last known address is 2825 Ling Road, P.O. Box 337, Chetek, Wisconsin 54728 and who possesses a Wisconsin insurance agent license, but not a Wisconsin securities agent license;

3. Capital Resources Services, LLC ("CRS") is a Wisconsin limited liability company organized in 2002 by Kain and Krzyzaniak;

4. Resort Hotels, Inc. ("RHI") is a Nevada corporation with a last known address of 3301 West Gandy Boulevard, Tampa, Florida 33611, which had contracted to purchase the Dogwood Inn in Branson, Missouri with the intent of selling lease interests in the units ("Leisure Leases") to investors for a minimum of $4,500;

5. Upon information and belief, during the period from January, 2003 through at least September, 2003, Kain and Krzyzaniak offered and sold to at least fourteen persons a lease interest in the RHI property described above in ¶4 for a total of at least $81,500, stating specifically that the investors would receive a return of at least 11% on their investment;

6. The promotional materials provided by the issuer in connection with the offer and sale of the Leisure Leases described above included a chart of the program describing the options of the investors as follows: using the assigned unit at the designated times themselves, selecting a third-party to sublease the units for them, or subleasing the units themselves.

7. Where the option of retaining a third party to sublease the unit was described on the chart, there was a reference to Ozark Ticket & Travel, described as a company whose services result in the investor receiving a "net" rental income of $495 per year per unit, and another document provided refers to RHI's parent company as having "a successful business relationship with Ozark Ticket & Travel, the number one marketing Company in the Branson area";

8. Upon information and belief, the investment in the RHI Leisure Lease program as described above was an investment in a common enterprise with the expectation of profit to be derived through the essential managerial efforts of someone other than the investor;
9. The investment in the RHI “Leisure Lease” program as described above is an investment contract security as that term is defined by DFI-Sec. § 1.02(6)(a), Wis. Admin. Code, and is therefore a security pursuant to § 551.02(13)(a), Wis. Stats.;

10. The investment contract securities have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.;

11. Kain and Krzyzaniak have violated § 551.21(1), Wis. Stats., by offering and selling unregistered securities to persons in Wisconsin;

12. During the relevant time, neither Kain nor Krzyzaniak were licensed as a securities agent to sell the securities of RHI pursuant to Ch. 551, Wis. Stats.;

13. Kain and Krzyzaniak violated § 551.31(1) by transacting business in this state as a securities agents without a license.

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, Wis. Stats.

Leslie M. Van Buskirk 8/22/05
Staff Attorney
Bureau of Registration & Enforcement