

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

In the Matter of,

FINAL ORDER BY CONSENT TO CEASE
& DESIST

JOHN M. STEVENS and
SERVICE FINANCIAL, LLC,

DFI Case No. S-240800 (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 the Wisconsin Uniform Securities Law, Wis. Stats. Ch. 551 (“Ch. 551”) and rules and orders promulgated thereunder, and having determined that this action is necessary and appropriate in the public interest and for the protection of investors, hereby enters this Order as follows:

II.

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

A. Findings of Fact

Respondents

1. John M. Stevens (“Stevens”) (CRD# 1865161) is an adult male resident of Wisconsin with a last known address of 4957 North Larkin Street, Whitefish Bay, Wisconsin 53217.
2. Service Financial, LLC (“Service Financial”) is a limited liability company organized in Wisconsin on or about January 1, 2002. Service Financial has a last known business address of 4957 North Larkin Street, Whitefish Bay, Wisconsin 53217. Stevens has been the registered agent, sole owner, and principal of Service Financial at all times material.

Conduct

3. Stevens was previously registered as a registered representative and an investment adviser representative in Wisconsin. Stevens has not been licensed or registered to offer or sell securities or investment advice since December 2010.

4. Ruben J. Villanueva, Jr. (“Villanueva”) is an adult male resident of the State of Washington. Villanueva has never been registered or offer or sell securities or investment advice.
5. Investor AC is an adult female resident of the State of Washington. Investor AC is not an accredited investor. Investor AC is a realtor and is not a sophisticated investor.
6. Between 2009 and 2019, Stevens was named as a defendant in multiple civil actions in Wisconsin, including:
 - a. Milwaukee County Case No. 2009-CV-017567 Milwaukee City vs. John M Stevens;
 - b. Milwaukee County Case No. 2010-CV-011279 Discover Bank vs. John M Stevens;
 - c. Milwaukee County Case No. 2011-CV-010360 Asset Acceptance LLC vs. John M Stevens et al.;
 - d. Milwaukee County Case No. 2011-CV-014489 Livingston Financial LLC vs. John Stevens¹;
 - e. Milwaukee County Case No. 2012-CV-002504 Asset Acceptance LLC vs. John M Stevens;
 - f. Milwaukee County Case No. 2014-CV-000245 Portfolio Recovery Associates LLC vs Kim M Stevens et al.;
 - g. Milwaukee County Case No. 2014-CV-008641 Portfolio Recovery Associates LLC vs Kim M Stevens et al.;
 - h. Milwaukee County Case No. 2015-CV-00873 Portfolio Recovery Associates LLC vs Kim M Stevens et al.; and
 - i. Milwaukee County Case No. 2019-SC-037376 Children’s Hospital of Wisconsin, Inc. vs John Stevens.²
7. Between 2009 and 2019, Stevens was the defendant in multiple foreclosure actions in Wisconsin, including:
 - a. Sheboygan County Case No. 2009-CV-001501 Fifth Third Mortgage Company vs. John M Stevens;
 - b. Milwaukee County Case No. 2009-CV-020141 Chase Home Finance LLC et al vs. John M Stevens et al.;
 - c. Sheboygan County Case No. 2012-CV-000033 Fifth Third Mortgage Company vs. John M Stevens et al.;
 - d. Sheboygan County Case No. 2013-CV-000447 Fifth Third Mortgage Company vs. John M Stevens et al.; and
 - e. Milwaukee County Case No. 2019-CV-008997 Wells Fargo Bank, N.A. vs. Kim M Stevens et al.

¹ This matter resulted in a \$35,241.86 judgment against Stevens which is unsatisfied as of the issuance of this order.

² This matter resulted in a \$1,833.28 judgment against Stevens which is unsatisfied as of the issuance of this order.

8. According to Service Financial's website, Stevens and the company were in the business of offering and selling securities and investment advice, including "Alternative Investments, Solo 401(k), self employment 401(k), individual 401(k), Solo 401k, Individual 401k, self employment, retirement, investments, real estate, tax planning, estate planning, private equity, self directed IRA, SEPIRA, SDIRA, loans, lender, borrower, securities, non recourse loans, preserve wealth, wealth, Service Financial Advantage, Partnering With Purpose, Solo 401k providers, Solo 401k spouse, alternative investments, wealth strategist, working capital."
9. The Service Financial website further represented that the company owed a fiduciary duty to its clients, and that Stevens was registered as an investment adviser.
10. In fact, Service Financial was not registered with the Securities and Exchange Commission ("SEC"), the Financial Regulatory Authority ("FINRA"), or the Division in any capacity to offer or sell securities or investment advice.
11. In fact, Stevens had not been registered with the SEC, FINRA, or the Division in any capacity to offer or sell securities or investment advice since 2010.
12. In or about October 2016, Investor AC attended a real estate professionals group in Bellview, Washington where Villanueva was giving a presentation as a guest speaker. During his presentation, Villanueva spoke about investment products and services, including Service Financial.
13. Shortly after Villanueva's presentation, Investor AC reviewed Service Financial's website to learn more about the purported financial services being offered by Service Financial and Stevens.
14. In late 2016, Investor AC began working with Villanueva to liquidate her pre-existing securities accounts at Fidelity to transfer her funds to a new investment account with Service Financial.
15. When Investor AC encountered difficulties in transferring her funds in early 2017, she contacted Stevens directly.
16. Based on representations from Stevens and Service Financial's website, Investor AC understood that Service Financial would invest in several different portfolios with varying types and classes of investments and assets that would allow her to earn a twelve percent (12.0 %) annual return on her funds in her Service Financial 401K account. Investor AC further understood that her monies would be held in the Service Financial 401K account in a similar manner to funds in a bank account, and that her funds would be safe.

17. On or about December 29, 2016, Investor AC placed a wire transfer from her credit union account for \$18,000 to the bank account of Service Financial, based on the recommendations of Stevens, Service Financial, and Villanueva.
18. On or about March 22, 2017, Investor AC liquidated pre-existing securities in her Fidelity brokerage account and transferred the proceeds in the amount of \$50,579.84 to the bank account of Service Financial, based on the recommendations of Stevens and Service Financial.
19. On or about August 1, 2017, Stevens provided a written account statement to Investor AC for her Service Financial account which reflected that her accounts' values had increased by a total of \$3,283.30 as the result of Service Financial's investment services.
20. As the result of her investment accounts' purported performance reflected in the August 1, 2017 Service Financial statement, Investor AC decided to liquidate additional pre-existing securities from her Fidelity brokerage account to invest with Stevens and Service Financial.
21. On or about August 14, 2017, Investor AC liquidated more pre-existing securities from her Fidelity brokerage account and transferred proceeds in the amount of \$24,009.18 to the bank account of Service Financial.
22. On or about August 30, 2017, Stevens provided a second written account statement to Investor AC which reflected an increase in value of approximately \$2,881.10 on her most recent investment of \$24,009.18.
23. On or about February 28, 2019, Stevens provided a third written account statement to Investor AC which reflected a twelve percent (12.0%) increase in value across her Service Financial accounts.
24. On or about September 30, 2019, Stevens provided a fourth and final written account statement to Investor AC which again reflected a twelve percent (12.0%) increase in value across her Service Financial accounts.
25. Contrary to Stevens and Service Financial's representations about how Investor AC's money would be invested, none of Investor AC's funds were used for any investment. Instead, Stevens used Investor AC's funds for his own personal expenses including but not limited to Steven's personal credit cards, health and life insurance premiums, utilities, ATM withdrawals, PayPal payments to Stevens, ATM Withdrawals; PayPal payments to Stevens, groceries, gasoline, pet supplies, mortgage payments, and to make payments to prior investors in Service Financial.

26. Contrary to the Service Financial account statements provided by Stevens to Investor AC, her funds were never invested or increased in value. Rather, her funds were used for the personal expenses of Stevens and to make Ponzi payments to other Service Financial investors.
27. Upon information and belief, a portion of the funds invested by Investor AC were used to pay a commission to Villanueva for his role in soliciting Investor AC to invest with Service Financial.
28. Stevens ceased all communications with Investor AC after October of 2019.
29. At no time did Stevens or any person on behalf of Service Financial inform Investor AC of the civil actions and foreclosure actions instituted against Stevens described in ¶¶ 6-7.

B. Conclusions of Law

Legal Authority and Jurisdiction

30. The Administrator has legal authority and jurisdiction over the conduct described above, pursuant to Wis. Stats. Ch. 551 and the rules and orders promulgated thereunder.
31. Pursuant to Wis. Stat. § 551.102(15), an “Investment adviser” means a person that, for compensation, engages in the business of advising others, either directly or through publications, writings, or electronic means, as to the value of securities or the advisability of investing in, purchasing, or selling securities or that, for compensation and as a part of a regular business, issues or promulgates analyses or reports concerning securities. The term includes a financial planner or other person that, as an integral component of other financially related services, provides investment advice regarding securities to others for compensation as part of a business or that holds itself out as providing investment advice regarding securities to others for compensation.
32. Stevens and Service Financial transacted business as an investment adviser pursuant to Wis. Stat. § 551.102(15).
33. Pursuant to Wis. Stat. § 551.102(16), an “Investment adviser representative” means an individual employed by or associated with an investment adviser or federal covered investment adviser and who makes any recommendations or otherwise gives investment advice regarding securities, manages accounts or portfolios of clients, determines which recommendation or advice regarding securities should be given, provides investment advice or holds herself or himself out as providing investment advice, receives compensation to solicit, offer, or negotiate for the sale of or for selling investment advice, or supervises employees who perform any of the foregoing.

34. Villanueva was associated with Stevens and Service Financial as an investment adviser representative when he solicited Investor AC to become a client of Service Financial and Stevens in exchange for compensation from Service Financial and Stevens.
35. Pursuant to Wis. Stat. § 551.402(1), it is unlawful for a person to transact business in this state as an investment adviser unless the person is registered under this chapter as an investment adviser or is exempt from registration as an investment adviser under Wis. Stat. § 551.402(2).
36. Pursuant to Wis. Stat. § 551.402(4), it is unlawful for an investment adviser to employ or associate with an individual required to be registered under this chapter as an investment adviser representative who transacts business in this state on behalf of the investment adviser unless the individual is registered under Wis. Stat. § 551.404 (1) or is exempt from registration under Wis. Stat. § 551.404 (2).
37. Pursuant to Wis. Stat. § 551.502(1)(a), it is unlawful for a person that advises others for compensation, either directly or indirectly or through publications or writings, as to the value of securities or the advisability of investing in, purchasing, or selling securities or that, for compensation and as part of a regular business, issues or promulgates analyses or reports relating to securities, to employ a device, scheme, or artifice to defraud another person.
38. Pursuant to Wis. Stat. § 551.502(1)(b), it is unlawful for a person that advises others for compensation, either directly or indirectly or through publications or writings, as to the value of securities or the advisability of investing in, purchasing, or selling securities or that, for compensation and as part of a regular business, issues or promulgates analyses or reports relating to securities, to engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.
39. Pursuant to Wis. Stat. § 551.501(1), it is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly, to employ a device, scheme, or artifice to defraud.
40. 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 a 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.
41. Pursuant to Wis. Stat. § 551.501(3), it is unlawful for a person, in connection with the offer, sale, or purchase of 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

42. Stevens and Service Financial violated Wis. Stat. § 551.402(1) when they transacted business in Wisconsin as an investment adviser without being registered under Ch. 551 or being exempted from registration under Wis. Stat. § 551.402(2).
43. Stevens and Service Financial violated Wis. Stat. § 551.402(4) when they associated with or employed Villanueva to solicit clients without Villanueva being registered under Ch. 551 or exempted from registration under Wis. Stat. § 551.402(2).
44. As described above in ¶¶ 1-29, Stevens and Service Financial violated Wis. Stat. § 551.502(1)(a) when they employed a device, scheme, or artifice to defraud Investor AC, including but not limited to holding themselves out as being registered investment advisers when they were not registered, sending false and deceptive account statements to Investor AC, and failing to disclose the numerous civil suits, judgments, and foreclosures against Stevens.
45. As described above in ¶¶ 1-29, Stevens and Service Financial violated Wis. Stat. § 551.502(1)(b) they employed a device, scheme, or artifice to defraud Investor AC, including but not limited to holding themselves out as being registered investment advisers when they were not registered, sending false and deceptive account statements to Investor AC to induce her to liquidate pre-existing securities and invest them with Stevens and Service Financial, and failing to disclose the numerous civil suits, judgments, and foreclosures against Stevens.
46. As described above in ¶¶ 1-29, Stevens and Service Financial violated Wis. Stat. § 551.501(1) when in connection with the offer, sale, or purchase of a security, they employed a device, scheme, or artifice to defraud Investor AC, including but not limited to holding themselves out as being registered investment advisers when they were not registered, sending false and deceptive account statements to Investor AC to induce her to liquidate pre-existing securities and invest them with Stevens and Service Financial, and failing to disclose the numerous civil suits, judgments, and foreclosures against Stevens.
47. As described above in ¶¶ 1-29, Stevens and Service Financial violated Wis. Stat. § 551.501(2) when in connection with the offer, sale, or purchase of a security, they made misrepresentations of material facts to Investor AC, including but not limited to holding themselves out as being registered investment advisers when they were not registered and sending false and deceptive account statements to Investor AC to induce her to liquidate pre-existing securities and invest them with Stevens and Service Financial.
48. As described above in ¶¶ 1-29, Stevens and Service Financial violated Wis. Stat. § 551.501(2) when in connection with the offer, sale, or purchase of a security, they omitted to state material facts to Investor AC, including but not limited to the fact that

neither Stevens or Service Financial were registered to offer or sell securities or investment advice, and the fact that Steven was the subject of numerous previous civil actions, money judgments, and foreclosures.

49. As described above in ¶¶ 1-29, Stevens and Service Financial violated Wis. Stat. § 551.501(3) when in connection with the offer, sale, or purchase of a security, they employed a device, scheme, or artifice to defraud Investor AC, including but not limited to holding themselves out as being registered investment advisers when they were not registered, sending false and deceptive account statements to Investor AC to induce her to liquidate pre-existing securities and invest them with Stevens and Service Financial, and failing to disclose the numerous civil suits, judgments, and foreclosures against Stevens.

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. Consent Orders issued pursuant to Wis. Stat. § 551.604(2)

- (a) IT IS ORDERED that RESPONDENTS, their agents, servants, officers, employees, successors, affiliates, 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 federal covered securities, federal exempt 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 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 RESPONDENTS, their agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of any RESPONDENT, are hereby revoked, pursuant to Wis. Stats. §§ 551.604(1)(b) and (2).
- (c) IT IS FURTHER ORDERED that all exemptions from registration set forth in Wis. Stat. §§ 551.201 and 551.202 that may otherwise apply to a specific security, transaction or offer of or by any RESPONDENT, their agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of any RESPONDENT, are hereby revoked, pursuant to Wis. Stats. §§ 551.604(1)(c) and (2).
- (d) IT IS FURTHER ORDERED 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 any

RESPONDENT, are prohibited from violating Wis. Stats. §§ 551.501 and 551.502 or successor statutes.

- (e) IT IS FURTHER ORDERED 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 any 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 any RESPONDENT.
- (f) PLEASE TAKE NOTICE that the orders of the Administrator are effective as of the issuance of this order, pursuant to Wis. Stat. § 551.604(2).

B. Service of Order

- (g) IT IS FURTHER ORDERED that this Final 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. This Final Order shall also be served upon the office of the administrator pursuant to Wis. Stat. § 551.611.
- (h) PLEASE TAKE NOTICE that if service is by certified mail, the date of the service of this Final Order is the date it is placed in the mail. If service is by personal service, the date of the service of this Final Order is the date personal service is completed.

C. Notifications

- (i) PLEASE TAKE NOTICE that this Final Order consented to by RESPONDENTS prohibit RESPONDENTS from transacting business in the State of Wisconsin per the terms of the consent orders issued pursuant to Wis. Stat. § 551.604(2), is effective upon the date issued, and shall have the same effect on the RESPONDENTS as a permanent injunction entered by a circuit court pursuant to Wis. Stat. § 551.603(2)(a).
- (j) PLEASE TAKE FURTHER NOTICE that this Final Order is effective on the date it is issued. RESPONDENTS are advised that any willful violation of an order issued by the Division under Ch. 551 is a criminal offense punishable under the provisions of Wis. Stat. § 551.508.
- (k) PLEASE TAKE FURTHER NOTICE failure to provide a copy of this Final Order to prospective investors may be a material misrepresentation in violation of Ch. 551 and this Order.
- (l) PLEASE TAKE FURTHER NOTICE violations of this Final Order may be enforced by any investor, or by the Division pursuant to Wis. Stat. § 551.604(7) whether acting in its own right or on behalf of the investor, by petitioning any court of competent jurisdiction to enforce the terms of the Final Order.

EXECUTED at Madison, Wisconsin, and effective on this 11th day of June, 2021.



Leslie M. Van Buskirk

Leslie M. Van Buskirk
Administrator

Division of Securities
State of Wisconsin
Department of Financial Institutions
4822 Madison Yards Way
North Tower, 4th Floor
Madison, Wisconsin 53705

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

In the Matter of,

WAIVER AND CONSENT
TO ORDER

JOHN M. STEVENS and
SERVICE FINANCIAL, LLC,

Respondents.

DFI Case No. S-240800 (EX)

The undersigned Respondents, JOHN M. STEVENS and SERVICE FINANCIAL, LLC, having decided not to contest the issuance of the attached Final Order by Consent (the Order), hereby waive their right to a hearing with respect to this matter, including waiving findings of fact and conclusions of law as may otherwise be required for the Order, and hereby consent to the issuance of the Order. Respondents reserve all defenses for any proceedings not covered by the attached Order.

Respondents hereby acknowledge that, in exchange for Respondents' voluntary consent and agreement to cease and desist from further violations of Ch. 551, the revocation of certain exemptions, and other conditions as described in the attached Order, the Division agrees to forgo further legal action, and to resolve this matter by issuance of the attached Order. Subject to Respondents' compliance with the attached Order, the Division agrees to forgo further legal action, including injunction proceedings in a circuit court pursuant to Wis. Stat. § 551.603. If Respondents fail to comply with any condition or term of the Order, the Division reserves all rights under the law to enforce the Order against Respondents.

The undersigned Respondents understand and agree that the attached Order shall prohibit Respondents from transacting any securities business in the State of Wisconsin except as allowed and described by the terms of the Order.

The undersigned Respondents understand the Order, when signed by the Administrator of the Division of Securities, is effective on the date issued and that a willful violation of an Order signed by the Administrator is a criminal offense pursuant to Wis. Stat. § 551.508.

John M. Stevens - PRESIDENT

JOHN M. STEVENS, individually and on behalf of
SERVICE FINANCIAL, LLC.

State of Wisconsin)
County of MILWAUKEE)
Subscribed before me this
10TH day of JUNE, 2021.

James R. Hantz

Notary Public

My commission is permanent/expires SEPT 18, 2022



State of Wisconsin
Department of Financial Institutions

Tony Evers, **Governor**

Kathy Blumenfeld, **Secretary**

**AFFIDAVIT OF SERVICE
AND COMPLIANCE WITH WIS. STAT. § 551.611**

STATE OF WISCONSIN)
) ss.
COUNTY OF DANE)

I, KATHERINE CLEMENTI, first being duly sworn, depose and state:

1. I am employed 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 served by certified mail upon John M. Stevens at his last known address of 4957 North Larkin Street, Whitefish Bay, Wisconsin 53217:
 - i. A copy of the Final Order by Consent to Cease & Desist, Waiver and Consent to Order; DFI Case No. S-240800 (EX); and
 - ii. A copy of this Affidavit of Service.
3. In compliance with Wis. Stat. §§ 227.48, 551.611, and 891.46; and Wis. Admin. Code. §§ DFI-Sec 8.06 and 8.07, I have also caused to be served copies of those same documents upon the Administrator for the Division of Securities.

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

Katherine Clementi

KATHERINE CLEMENTI

State of Wisconsin
Department of Financial Institutions
Division of Securities

Subscribed and sworn to before me

This 11th day of June, 2021.

Patricia Epstein

Notary Public, State of Wisconsin
My commission expires 1-7-24.



Division of Securities

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