

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

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In the matter of,

AMENDED NOTICE OF FINAL ORDER

JAMES R. STRAUSS f/k/a  
JAMES ROBERT STRAUS

DFI Case No. S-240491 (EX)

Respondents.

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**PLEASE TAKE NOTICE:**

WHEREAS, on May 25, 2022, the Administrator of the State of Wisconsin, Department of Financial Institutions, Division of Securities (“Division”), issued a Summary Order to Cease and Desist and For Revocation and Notice of Proposed Order for Restitution and Civil Penalties (“Summary Order”), attached hereto as **Exhibit A**;

WHEREAS, the Summary Order ordered restitution be paid to Margaret Milliette of Wrightstown, Wisconsin in the amount of \$72,646.66 with interest at the legal rate under Wis. Stat. §138.04, and an administrative assessment be paid to DFI in the amount of \$50,000 if Strauss did not pay the restitution with interest within 30 days of the issuance of the Summary Order;

WHEREAS, the Respondent James R. Strauss was personally served with the Summary Order on May 27, 2022;

WHEREAS, the deadline for requesting a hearing was June 24, 2022 and Respondent James R. Strauss filed a petition for hearing on June 27, 2022, which was untimely;

WHEREAS, the Administrator denied Respondent James R. Strauss’ untimely petition for hearing on July 6, 2022;

WHEREAS, the Respondent James R. Strauss requested the Administrator reconsider the denial of the late petition for hearing on July 11, 2022;

WHEREAS, the Administrator denied the July 11, 2022 request to reconsider the initial denial on July 15, 2022;

WHEREAS, the Respondent James R. Strauss requested the Administrator reconsider the denial of the late petition for hearing on July 25, 2022;

WHEREAS, the Administrator denied the July 25, 2022 request to reconsider the denial of the late petition for hearing on July 28, 2022;

THEREFORE, pursuant to Wis. Stat. § 551.604(2), the Summary Order is final by operation of law.

EXECUTED at Madison, Wisconsin, this 15<sup>th</sup> day of September, 2022.



*Leslie M. Van Buskirk*

Leslie M. Van Buskirk  
Administrator

Division of Securities  
State of Wisconsin  
Department of Financial Institutions  
4833 Madison Yards Way, 4<sup>th</sup> Fl  
Madison, Wisconsin 53705

BEFORE THE  
STATE OF WISCONSIN  
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DIVISION OF SECURITIES

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In the Matter of,

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Respondent.

SUMMARY ORDER TO CEASE  
AND DESIST INCLUDING  
RESTITUTION WITH INTEREST,  
CIVIL PENALTIES, AND COSTS

DFI Case No. S-240491 (EX)

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**I.**

The Administrator of the State of Wisconsin, Department of Financial Institutions, Division of Securities (“the 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**

**Respondent**

1. James R. Strauss f/k/a James Robert Straus (referred to hereinafter as “Strauss”) (CRD# 1565716) is an adult male resident of Wisconsin with a last known address of 507 Broad Street, Lake Geneva, Wisconsin 53147.

**Conduct**

2. Strauss was registered as an agent of Princor Financial Services Corporation (CRD# 1137) from September of 1986 until March of 1989.<sup>1</sup>
3. In November 1996, the U.S. District Court for the District of New Mexico (Albuquerque) filed a four count indictment against “James Robert Straus” for wire fraud and aiding and abetting. On February 3, 1998, Strauss pled guilty to one count of wire fraud and aiding

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<sup>1</sup> Strauss was the subject of a complaint which was settled in November of 1989 for \$8,216.43, after Strauss was no longer employed by Princor.

and abetting. Strauss was sentenced to 21 months in federal prison, 3 years supervised release, and ordered to pay \$397,050.73 in restitution.

4. Antares Research & Development, Inc. ("Antares Research") was a corporation incorporated in New Mexico on or about December 11, 1992. Strauss' wife, Mary, was the control person for Antares Research. Strauss' son, Michael C. Strauss, was a director for Antares Research. Antares Research had a last known address of 507 Broad Street, Lake Geneva, Wisconsin 53147. Antares Research was revoked by New Mexico on or about July 28, 2003.
5. Investor MM is an adult female resident of Wisconsin. She is not an accredited investor. Investor MM is not a sophisticated investor and had almost no prior experience investing.
6. Investor MM met Strauss at a café in Lake Geneva, Wisconsin in or about the spring of 2011. Investor MM's high school friend introduced her to Strauss because Investor MM liked to write. Strauss asked Investor MM to write articles for his online journal and paid her about \$200 per article she wrote until about mid-2012. Investor MM and Strauss communicated on an off over the next several years.
7. After Investor MM's mother passed away in 2015, Investor MM inherited approximately \$300,000, which she received in three disbursements from 2017 to 2018. Investor MM met with Strauss periodically to discuss Investor MM's financial circumstances.
8. Strauss told Investor MM he would comingle her money with his own to invest it in stocks such as Tesla, Google, Amazon, and Baidu. Strauss told Investor MM that she would earn higher returns as the result of comingling it with Strauss's for investing. Strauss told Investor MM that he promised Investor MM would not lose her funds because he would back the investment with his funds from his family's estate. Strauss also said he would help negotiate Investor MM's student loan and credit card debt on her behalf.
9. Strauss told Investor MM that he had traded an elderly couple's money for them and earned 100% returns in approximately two years' time.
10. On or about February 8, 2018, Investor MM invested \$60,000 with Strauss via a personal check made out to Antares Research.
11. On or about June 20, 2018, Investor MM invested another \$104,464.66 with Strauss by assigning a check payable to the order of Strauss that had been issued from her mother's estate as part of her inheritance.
12. Both of Investor MM's checks were deposited into PNC bank accounts controlled by Strauss and his wife and another family member.
13. Contrary to Strauss' representations to Investor MM, Strauss never invested any of her money.



14. Strauss used Investor MM's investment funds for the personal and unrelated business expenses of Strauss and his wife, including but not limited to:

- a. Transferring and making payments to credit card issuers totaling approximately \$47,843.05;
- b. Vacation rental companies and airlines, including rentals and flights for a trip to Hawaii in August of 2018 totaling \$13,182.27;
- c. A lawncare company totaling \$1,756.66;
- d. A property casualty company totaling \$2,237.88;
- e. A \$20,000 Ponzi payment to Investor MM;
- f. Making payments to Strauss's son, Michael Strauss, totaling approximately \$19,917.20<sup>2</sup>;
- g. Withdrawals totaling approximately \$15,348;
- h. Transfers to other Strauss businesses, including Geneva Java Coffee Shop Inc., Big Day Inc., Geneva Shore Report Inc, and Antares Productions totaling \$16,000; and
- i. Other miscellaneous personal or non-investment expenses, including but not limited to automotive expenses, utilities, and legal fees totaling approximately \$28,179.60.

15. At no time did Strauss disclose his felony conviction to Investor MM.

16. Between April 2018 and December 2019, Strauss made \$92,200 in payments to Investor MM, including the \$20,000 Ponzi payment described above.

## **B. Conclusions of Law**

### **Legal Authority and Jurisdiction**

17. The Administrator has legal authority and jurisdiction over the conduct described above, pursuant to Ch. 551 and the rules and orders promulgated thereunder.

18. Pursuant to Wis. Stat. § 551.102(28), stocks are included in the definition of a "security."

19. The investment opportunity offered by Strauss to Investor MM was an investment contract security pursuant to Wis. Stat. § 551.102(28)(d)(1), because Investor MM invested her money with Strauss with the expectation of profits from his essential managerial efforts in trading her funds.

20. Strauss transacted business as a broker-dealer in Wisconsin as defined pursuant to Wis. Stat. § 551.102(4) and § DFI-Sec. 1.02(5)(a), Wis. Admin. Code, when he engaged in the business of effecting transactions in securities for the account of others or for the person's own account.

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<sup>2</sup> The funds distributed to Michael Strauss were used for Michael Strauss' personal expenses, and were not invested on Investor MM's behalf.

21. Pursuant to Wis. Stat. § 551.401(1), it is unlawful for a person to transact business in this state as a broker-dealer unless the person is registered under this chapter as a broker-dealer.
22. 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.
23. 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.
24. Pursuant to Wis. Stat. § 551.501(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**

25. As described above in ¶¶ 1-16, Strauss transacted business as a broker-dealer without being registered or exempted from registration under Ch. 551 in violation of Wis. Stat. § 551.401(1).
26. As described above in ¶¶ 1-16, Strauss violated Wis. Stat. § 551.501(1), when in connection with the offer, sale, or purchase of a security, he employed a device, scheme or artifice to defraud Investor MM, including but not limited to paying her back with her own principal investment (Ponzi payments).
27. As described above in ¶¶ 1-16, Strauss violated Wis. Stat. § 551.501(2) when in connection with the offer, sale, or purchase of a security, directly or indirectly, he omitted 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, including but not limited to his prior felony conviction for wire fraud, and his misuse of Investor MM's funds on non-investment personal expenses.
28. As described above in ¶¶ 1-16, Strauss violated Wis. Stat. § 551.501(2), when in connection with the offer, sale, or purchase of a security, directly or indirectly, he made untrue statements of a material fact, including but not limited to the representation that he would invest Investor MM's money on her behalf, but never did.
29. As described above in ¶¶ 1-16, Strauss violated Wis. Stat. § 551.501(3) when in connection with the offer, sale, or purchase of a security, he engaged in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person, including but not limited to failing to disclose his prior felony conviction for wire fraud, representing to Investor MM that he would invest her money on her behalf when in fact he used it solely for non-investment personal expenses, and making Ponzi payments back to Investor MM.

### 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. 553, to issue the following orders and notices:

#### A. Summary Orders issued pursuant to Wis. Stat. § 551.604(2)

- (a) IT IS ORDERED summarily that JAMES STRAUSS, his agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of JAMES STRAUSS, 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 or of by JAMES STRAUSS, his agents, servants, officers, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of JAMES STRAUSS, are hereby revoked, pursuant to Wis. Stat. §§ 551.604(1)(b) and (2).
- (c) IT IS FURTHER ORDERED summarily 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 JAMES STRAUSS, his agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of JAMES STRAUSS, are hereby revoked, pursuant to Wis. Stats. §§ 551.604(1)(c) and (2).
- (d) IT IS FURTHER ORDERED summarily that JAMES STRAUSS, his 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 JAMES STRAUSS, are prohibited from violating Wis. Stat. § 551.501 or successor statute.
- (e) IT IS FURTHER ORDERED summarily that JAMES STRAUSS, his 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 JAMES STRAUSS, are prohibited from violating Ch. 551 or successor statute that might otherwise apply to any offer or sale of a security of or by JAMES STRAUSS.
- (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. Proposed Orders**

- (g) IT IS PROPOSED that an order be issued against JAMES STRAUSS to pay restitution to Investor MM in the amount of \$72,646.66 with interest on such amount at the legal rate under Wis. Stat. § 138.04, starting from the effective date of this order through the date of satisfaction, pursuant to Wis. Stat. § 551.604(4m). JAMES STRAUSS shall pay restitution within 30 calendar days of the issuance of this order and provide the Division with proof of the restitution payment to Investor MM by no later than 30 days after restitution has been paid.
- (h) IT IS FURTHER PROPOSED that an order be issued imposing a civil penalty against JAMES STRAUSS in the form of an administrative assessment totaling \$50,000 for the violations committed against Investor MM pursuant to Wis. Stat. § 551.604(4) in the event that JAMES STRAUSS does not pay restitution and interest in full to Investor MM within 30 days of the issuance of this order. Such payment shall be made payable to the Wisconsin Department of Financial Institutions and shall be remitted to the Division no later than 60 calendar days from the date of issuance of this Order.
- (i) IT IS FURTHER PROPOSED that an order be issued imposing the actual costs of the investigation or proceeding pursuant to Wis. Stat. § 551.604(5) against JAMES STRAUSS.

## **C. Service of Order**

- (j) 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. This order shall also be served upon the office of the administrator pursuant to Wis. Stat. § 551.611.
- (k) PLEASE TAKE NOTICE that the date of service of this order is the date it is placed in the mail. You 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.

## **D. Notice of Hearing Rights**

- (l) PLEASE TAKE NOTICE that you have the right to request a hearing, pursuant to Wis. Stat. § 551.604(2). Every request for a hearing shall be in the form of a written petition filed with the Division, pursuant to Wis. Admin. Code § DFI-Sec. 8.01 and Wis. Stat. § 227.42. A petition for a hearing to review the 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 such 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.

(m) PLEASE TAKE FURTHER NOTICE that you may file your written petition:

- (1) By mailing the written petition to:  
Division of Securities  
Wisconsin Department of Financial Institutions  
P.O. Box 1768  
Madison, Wisconsin 53701-1768
- (2) By delivering the written petition in person to:  
Division of Securities  
Wisconsin Department of Financial Institutions  
4822 Madison Yards Way, North Tower, 4th Floor  
Madison, Wisconsin 53705
- (3) By faxing the written petition to (608) 264-7979

- (n) PLEASE TAKE FURTHER NOTICE that the petition for hearing must be filed with the Division. Pursuant to Wis. Stat. § 551.102(8), “filing” means “receipt.” Therefore, a petition is not “filed” with the Division until it is actually “received” by the Division. If the Division does not receive your written petition before midnight on the 30th day after the date of service of this order, your right to a hearing will be waived and the Summary Order shall become final by operation of law.
- (o) 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 orders and proposed final orders, including the imposition of a civil penalty and requirement for payment of restitution and interest sought in a statement in the order, become final by operation of law, pursuant to Wis. Stat. § 551.604(2).
- (p) PLEASE TAKE FURTHER NOTICE that, within 15 days after the Division’s receipt of a written request for a hearing from you, the matter will be scheduled for a hearing or other public administrative proceedings, pursuant to Wis. Stats. §§ 551.604(2) and (3).

#### **E. Notifications**

- (q) PLEASE TAKE FURTHER NOTICE violations of this Order, once final, 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 order.
- (r) PLEASE TAKE FURTHER NOTICE failure to provide a copy of this Order to prospective investors may be a material misrepresentation in violation of Ch. 551 and this order.

- (s) PLEASE TAKE FURTHER NOTICE that this Order is effective on the date it is issued. JAMES STRAUSS is 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.

EXECUTED at Madison, Wisconsin this 25<sup>th</sup> day of May, 2022.



*Leslie M. Van Buskirk*

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Leslie M. Van Buskirk  
Administrator

Division of Securities  
State of Wisconsin, Department of Financial Institutions  
4822 Madison Yards Way, 4<sup>th</sup> Floor  
Madison, Wisconsin 53705



**State of Wisconsin**  
*Department of Financial Institutions*

Tony Evers, Governor

Cheryll Olson-Collins, 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 James R. Strauss f/k/a James Robert Straus at his last known address of 507 Broad Street, Lake Geneva, Wisconsin 53147:
  - i. A copy of the Summary Order to Cease and Desist Including Restitution with Interest, Civil Penalties, and Costs; DFI Case No. S-240491 (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.

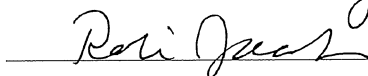


KATHERINE CLEMENTI

State of Wisconsin  
Department of Financial Institutions  
Division of Securities

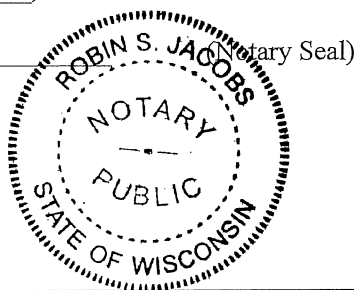
Subscribed and sworn to before me

This 25<sup>th</sup> day of May, 2022.



Notary Public, State of Wisconsin

My commission is permanent.





**State of Wisconsin**  
*Department of Financial Institutions*

Tony Evers, Governor

Cheryll Olson-Collins, Secretary

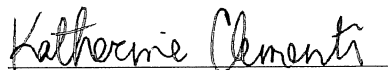
**AFFIDAVIT OF SERVICE  
AND COMPLIANCE WITH WIS. STAT. § 551.611**

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 Attorney Erica L. Bierma on behalf of James R. Strauss f/k/a James Robert Straus at her business address of Axley Brynerson, LLP 2 E. Mifflin Street, Suite 200, Madison, WI 53703:
  - i. A copy of the Summary Order to Cease and Desist Including Restitution with Interest, Civil Penalties, and Costs; DFI Case No. S-240491 (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.

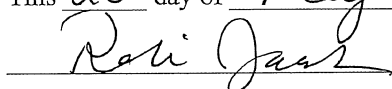
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KATHERINE CLEMENTI

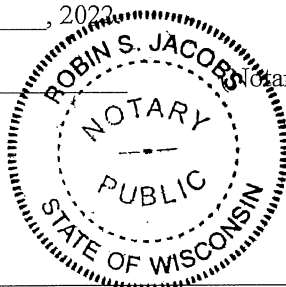
State of Wisconsin  
Department of Financial Institutions  
Division of Securities

Subscribed and sworn to before me

This 25<sup>th</sup> day of May, 2022,  
 (Notary Seal)

Notary Public, State of Wisconsin

My commission is permanent.





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

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In the Matter of,

JAMES R. STRAUSS f/k/a  
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SUMMARY ORDER TO CEASE  
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**I.**

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**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**

**Respondent**

1. James R. Strauss f/k/a James Robert Straus (referred to hereinafter as “Strauss”) (CRD# 1565716) is an adult male resident of Wisconsin with a last known address of 507 Broad Street, Lake Geneva, Wisconsin 53147.

**Conduct**

2. Strauss was registered as an agent of Princor Financial Services Corporation (CRD# 1137) from September of 1986 until March of 1989.<sup>1</sup>
3. In November 1996, the U.S. District Court for the District of New Mexico (Albuquerque) filed a four count indictment against “James Robert Straus” for wire fraud and aiding and abetting. On February 3, 1998, Strauss pled guilty to one count of wire fraud and aiding

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5. Investor MM is an adult female resident of Wisconsin. She is not an accredited investor. Investor MM is not a sophisticated investor and had almost no prior experience investing.
6. Investor MM met Strauss at a café in Lake Geneva, Wisconsin in or about the spring of 2011. Investor MM’s high school friend introduced her to Strauss because Investor MM liked to write. Strauss asked Investor MM to write articles for his online journal and paid her about \$200 per article she wrote until about mid-2012. Investor MM and Strauss communicated on an off over the next several years.
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12. Both of Investor MM’s checks were deposited into PNC bank accounts controlled by Strauss and his wife and another family member.
13. Contrary to Strauss’ representations to Investor MM, Strauss never invested any of her money.

14. Strauss used Investor MM's investment funds for the personal and unrelated business expenses of Strauss and his wife, including but not limited to:

- a. Transferring and making payments to credit card issuers totaling approximately \$47,843.05;
- b. Vacation rental companies and airlines, including rentals and flights for a trip to Hawaii in August of 2018 totaling \$13,182.27;
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16. Between April 2018 and December 2019, Strauss made \$92,200 in payments to Investor MM, including the \$20,000 Ponzi payment described above.

## **B. Conclusions of Law**

### **Legal Authority and Jurisdiction**

17. The Administrator has legal authority and jurisdiction over the conduct described above, pursuant to Ch. 551 and the rules and orders promulgated thereunder.

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<sup>2</sup> The funds distributed to Michael Strauss were used for Michael Strauss' personal expenses, and were not invested on Investor MM's behalf.

21. Pursuant to Wis. Stat. § 551.401(1), it is unlawful for a person to transact business in this state as a broker-dealer unless the person is registered under this chapter as a broker-dealer.
22. 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.
23. 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.
24. Pursuant to Wis. Stat. § 551.501(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**

25. As described above in ¶¶ 1-16, Strauss transacted business as a broker-dealer without being registered or exempted from registration under Ch. 551 in violation of Wis. Stat. § 551.401(1).
26. As described above in ¶¶ 1-16, Strauss violated Wis. Stat. § 551.501(1), when in connection with the offer, sale, or purchase of a security, he employed a device, scheme or artifice to defraud Investor MM, including but not limited to paying her back with her own principal investment (Ponzi payments).
27. As described above in ¶¶ 1-16, Strauss violated Wis. Stat. § 551.501(2) when in connection with the offer, sale, or purchase of a security, directly or indirectly, he omitted 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, including but not limited to his prior felony conviction for wire fraud, and his misuse of Investor MM's funds on non-investment personal expenses.
28. As described above in ¶¶ 1-16, Strauss violated Wis. Stat. § 551.501(2), when in connection with the offer, sale, or purchase of a security, directly or indirectly, he made untrue statements of a material fact, including but not limited to the representation that he would invest Investor MM's money on her behalf, but never did.
29. As described above in ¶¶ 1-16, Strauss violated Wis. Stat. § 551.501(3) when in connection with the offer, sale, or purchase of a security, he engaged in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person, including but not limited to failing to disclose his prior felony conviction for wire fraud, representing to Investor MM that he would invest her money on her behalf when in fact he used it solely for non-investment personal expenses, and making Ponzi payments back to Investor MM.

### 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. 553, to issue the following orders and notices:

#### A. Summary Orders issued pursuant to Wis. Stat. § 551.604(2)

- (a) IT IS ORDERED summarily that JAMES STRAUSS, his agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of JAMES STRAUSS, 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 or of by JAMES STRAUSS, his agents, servants, officers, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of JAMES STRAUSS, are hereby revoked, pursuant to Wis. Stat. §§ 551.604(1)(b) and (2).
- (c) IT IS FURTHER ORDERED summarily 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 JAMES STRAUSS, his agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of JAMES STRAUSS, are hereby revoked, pursuant to Wis. Stats. §§ 551.604(1)(c) and (2).
- (d) IT IS FURTHER ORDERED summarily that JAMES STRAUSS, his 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 JAMES STRAUSS, are prohibited from violating Wis. Stat. § 551.501 or successor statute.
- (e) IT IS FURTHER ORDERED summarily that JAMES STRAUSS, his 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 JAMES STRAUSS, are prohibited from violating Ch. 551 or successor statute that might otherwise apply to any offer or sale of a security of or by JAMES STRAUSS.
- (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. Proposed Orders**

- (g) IT IS PROPOSED that an order be issued against JAMES STRAUSS to pay restitution to Investor MM in the amount of \$72,646.66 with interest on such amount at the legal rate under Wis. Stat. § 138.04, starting from the effective date of this order through the date of satisfaction, pursuant to Wis. Stat. § 551.604(4m). JAMES STRAUSS shall pay restitution within 30 calendar days of the issuance of this order and provide the Division with proof of the restitution payment to Investor MM by no later than 30 days after restitution has been paid.
- (h) IT IS FURTHER PROPOSED that an order be issued imposing a civil penalty against JAMES STRAUSS in the form of an administrative assessment totaling \$50,000 for the violations committed against Investor MM pursuant to Wis. Stat. § 551.604(4) in the event that JAMES STRAUSS does not pay restitution and interest in full to Investor MM within 30 days of the issuance of this order. Such payment shall be made payable to the Wisconsin Department of Financial Institutions and shall be remitted to the Division no later than 60 calendar days from the date of issuance of this Order.
- (i) IT IS FURTHER PROPOSED that an order be issued imposing the actual costs of the investigation or proceeding pursuant to Wis. Stat. § 551.604(5) against JAMES STRAUSS.

## **C. Service of Order**

- (j) 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. This order shall also be served upon the office of the administrator pursuant to Wis. Stat. § 551.611.
- (k) PLEASE TAKE NOTICE that the date of service of this order is the date it is placed in the mail. You 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.

## **D. Notice of Hearing Rights**

- (l) PLEASE TAKE NOTICE that you have the right to request a hearing, pursuant to Wis. Stat. § 551.604(2). Every request for a hearing shall be in the form of a written petition filed with the Division, pursuant to Wis. Admin. Code § DFI-Sec. 8.01 and Wis. Stat. § 227.42. A petition for a hearing to review the 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 such 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.

(m) PLEASE TAKE FURTHER NOTICE that you may file your written petition:

- (1) By mailing the written petition to:  
Division of Securities  
Wisconsin Department of Financial Institutions  
P.O. Box 1768  
Madison, Wisconsin 53701-1768
- (2) By delivering the written petition in person to:  
Division of Securities  
Wisconsin Department of Financial Institutions  
4822 Madison Yards Way, North Tower, 4th Floor  
Madison, Wisconsin 53705
- (3) By faxing the written petition to (608) 264-7979

- (n) PLEASE TAKE FURTHER NOTICE that the petition for hearing must be filed with the Division. Pursuant to Wis. Stat. § 551.102(8), “filing” means “receipt.” Therefore, a petition is not “filed” with the Division until it is actually “received” by the Division. If the Division does not receive your written petition before midnight on the 30th day after the date of service of this order, your right to a hearing will be waived and the Summary Order shall become final by operation of law.
- (o) 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 orders and proposed final orders, including the imposition of a civil penalty and requirement for payment of restitution and interest sought in a statement in the order, become final by operation of law, pursuant to Wis. Stat. § 551.604(2).
- (p) PLEASE TAKE FURTHER NOTICE that, within 15 days after the Division’s receipt of a written request for a hearing from you, the matter will be scheduled for a hearing or other public administrative proceedings, pursuant to Wis. Stats. §§ 551.604(2) and (3).

#### **E. Notifications**

- (q) PLEASE TAKE FURTHER NOTICE violations of this Order, once final, 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 order.
- (r) PLEASE TAKE FURTHER NOTICE failure to provide a copy of this Order to prospective investors may be a material misrepresentation in violation of Ch. 551 and this order.

(s) PLEASE TAKE FURTHER NOTICE that this Order is effective on the date it is issued. JAMES STRAUSS is 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.

EXECUTED at Madison, Wisconsin this 25<sup>th</sup> day of May, 2022.



*Leslie M. Van Buskirk*

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Leslie M. Van Buskirk  
Administrator

Division of Securities  
State of Wisconsin, Department of Financial Institutions  
4822 Madison Yards Way, 4<sup>th</sup> Floor  
Madison, Wisconsin 53705





**State of Wisconsin**  
*Department of Financial Institutions*

Tony Evers, Governor

Cheryll Olson-Collins, Secretary

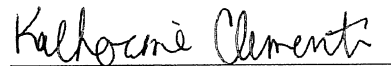
**AFFIDAVIT OF SERVICE  
AND COMPLIANCE WITH WIS. STAT. § 551.611**

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 James R. Strauss f/k/a James Robert Straus at his last known address of 507 Broad Street, Lake Geneva, Wisconsin 53147:
  - i. A copy of the Summary Order to Cease and Desist Including Restitution with Interest, Civil Penalties, and Costs; DFI Case No. S-240491 (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.

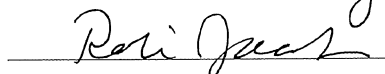


KATHERINE CLEMENTI

State of Wisconsin  
Department of Financial Institutions  
Division of Securities

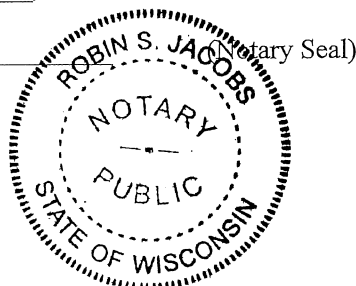
Subscribed and sworn to before me

This 25<sup>th</sup> day of May, 2022.



Notary Public, State of Wisconsin

My commission is permanent.





**State of Wisconsin**  
*Department of Financial Institutions*

Tony Evers, Governor

Cheryll Olson-Collins, Secretary

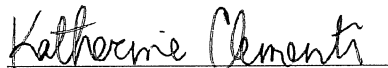
**AFFIDAVIT OF SERVICE  
AND COMPLIANCE WITH WIS. STAT. § 551.611**

STATE OF WISCONSIN     )  
                                          ) ss.  
COUNTY OF DANE         )

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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 Attorney Erica L. Bierma on behalf of James R. Strauss f/k/a James Robert Straus at her business address of Axley Brynerson, LLP 2 E. Mifflin Street, Suite 200, Madison, WI 53703:
  - i. A copy of the Summary Order to Cease and Desist Including Restitution with Interest, Civil Penalties, and Costs; DFI Case No. S-240491 (EX); and
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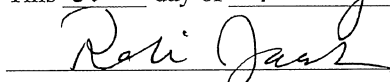
I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.



KATHERINE CLEMENTI

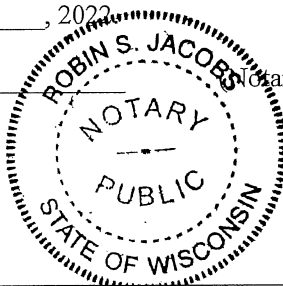
State of Wisconsin  
Department of Financial Institutions  
Division of Securities

Subscribed and sworn to before me

This 25<sup>th</sup> day of May, 2022,  
 (Notary Seal)

Notary Public, State of Wisconsin

My commission is permanent.





**State of Wisconsin**  
*Department of Financial Institutions*

Tony Evers, **Governor**

Cheryll Olson-Collins, **Secretary**

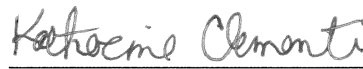
**AFFIDAVIT OF SERVICE  
AND COMPLIANCE WITH WIS. STAT. § 551.611**

STATE OF WISCONSIN       )  
                                          ) ss.  
COUNTY OF DANE        )

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

  
KATHERINE CLEMENTI

State of Wisconsin  
Department of Financial Institutions  
Division of Securities

Subscribed and sworn to before me

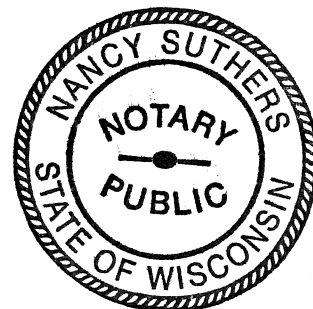
This 15 day of September, 2022.

  
\_\_\_\_\_

Notary Public, State of Wisconsin

My commission expires 6-15-2025

(Notary Seal)



*Division of Securities*

Mail: PO Box 1768 Madison, WI 53701-1768  
Courier: 4822 Madison Yards Way, Madison, WI 53705  
Voice: (608) 261-9555 Fax: (608) 264-7979 Web: [www.wdfi.org](http://www.wdfi.org)



**State of Wisconsin**  
*Department of Financial Institutions*

Tony Evers, Governor

Cheryll Olson-Collins, Secretary

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

STATE OF WISCONSIN       )  
                                          ) ss.  
COUNTY OF DANE         )

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1. I am employed with the State of Wisconsin, Department of Financial Institutions, Division of Securities.
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  - i. A copy of the Amended Notice of Final Order; DFI Case No. S-240491 (EX); and
  - ii. A copy of this Affidavit of Service.
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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

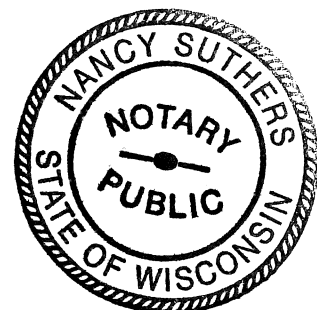
This 15 day of September, 2022.

Nancy Suthers

Notary Public, State of Wisconsin

My commission expires 6-15-2025

(Notary Seal)



*Division of Securities*

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Courier: 4822 Madison Yards Way, Madison, WI 53705  
Voice: (608) 261-9555 Fax: (608) 264-7979 Web: [www.wdfi.org](http://www.wdfi.org)