

INVESTOR PROTECTION CASE HISTORY

LEARN WATERHOUSE, INC., Edinburg, TX, Tyler, TX
Randy Treadwell, Edinburg, TX
Gene Thompson, Swea City, IA
Tom Zielske, Fairmont, MN

The Division learned that Gene Thompson of Swea City, Iowa, was soliciting friends and associates to invest in Learn Waterhouse, Inc. (LWI). LWI was a company that supposedly received and pooled investor moneys to invest in a secret, "bank only" investment program, producing returns of 5 to 50 percent profit per month. Randy Treadwell was identified as the CEO of Learn Waterhouse, Inc.

Investors were told that their funds would be used for various purposes including rebuilding Iraq, bank debentures, "foreign trade," and "overseas projects." Thompson told investors they would earn a 25% return on their investment and that the investment was safe. Thompson raised at least \$37,000 from 11 Iowans and forwarded the funds to Tom Zielske of Fairmont, Minnesota, for investment in LWI.

The Division issued a Cease and Desist Order on October 4, 2004. It ordered all parties to cease and desist the sale of unregistered securities, ordered Randy Treadwell, Gene Thompson, and Tom Zielske to cease acting as securities agents, and ordered all parties to cease and desist making misrepresentations and omissions of material facts.

On October 13, 2004, the U. S. Securities and Exchange Commission filed for a preliminary injunction, asset freeze, and the appointment of a receiver, alleging Learn Waterhouse, Inc., Randy Treadwell (CEO), and others had operated a prime bank/Ponzi scheme nationally, involving over 1700 investors and \$24.5 million. The SEC said claims of pooling funds and investing in a bank investment program were false, and investors were being paid "earnings" from investor funds. The SEC also said that principals of the company had misappropriated over \$2.5 million for their personal and other business uses. The U.S. District Court in California granted the preliminary injunction on November 1, 2004. The matter is still in litigation.

Treadwell and four others were indicted September 9, 2005, by a federal grand jury in San Diego for their activities in Learn Waterhouse and two other investment schemes.