

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 64412 / May 5, 2011

INVESTMENT ADVISERS ACT OF 1940
Release No. 3195 / May 5, 2011

ADMINISTRATIVE PROCEEDING
File No. 3-14372

In the Matter of

BRETT S. KLEESE,

Respondent.

**ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934
AND SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Brett S. Kleese (“Kleese” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over him and the subject matter of these

proceedings, and the findings contained in Section III.2 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds that:

1. Kleese, age 46, is a resident of Mesa, Arizona. From April 12, 2002 until May 22, 2008, Kleese was a registered representative associated with World Group Securities, Inc., (“World Group Securities”) a broker-dealer registered with the Commission. From August 16, 2006 until May 22, 2008, Kleese was also associated with Investment Advisors International, Inc., an investment adviser registered with the Commission.

2. In February 2009, the Arizona Corporation Commission, which serves as Arizona’s securities commission, entered a final order In the Matter of Brett S. Kleese et al, Decision No. 70752 (Arizona Corporation Commission, Feb. 24, 2009) (“Arizona Order”), by consent, against Kleese which found that he violated the anti-fraud and registration provisions of Arizona’s securities laws. The Arizona Order required Kleese to cease and desist from violating the state’s securities laws, pay restitution of \$2.4 million for return to investors, pay \$100,000 in penalties, and revoked his state securities salesman registration and investment adviser representative license.

3. The Arizona Order to which Kleese consented alleged that Kleese violated Arizona’s anti-fraud and securities registration statutes in connection with the offer and sale of promissory notes issued by his company, BSK Enterprises, LLC (“BSK”). As part of the order, Kleese admitted to the following facts. From on or about October 2007 to May 2008, Kleese offered and sold \$2,980,000 of unregistered securities in the form of promissory notes issued by BSK to 57 investors. The promissory notes contained promises by BSK to repay the investors’ principal investments plus interest by the expiration date of the promissory note. Kleese told investors that BSK would lend their funds to Rosand Enterprises, Inc. (“Rosand”), and Rosand would use the funds as collateral in obtaining a line of credit to pay for the construction of pre-fabricated, low-cost housing in Chicago. Kleese represented that the investor funds sent to Rosand would be deposited into an Illinois law firm’s trust account, that none of the money would be withdrawn from the account because it was to be used by Rosand only as collateral for the line of credit, and that the account was covered by a bond. Contrary to what Kleese represented to investors, the funds sent to Rosand were withdrawn from the law firm’s trust account and were not covered by a bond. Kleese admitted that he did not adequately disclose these facts to investors.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Kleese's Offer.

Accordingly, it is hereby ORDERED:

Pursuant to Section 15(b)(6) of the Exchange Act, as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act, PL 111-203, July 21, 2010, 124 Stat. 1376, and Section 203(f) of the Advisers Act, Respondent Kleese be, and hereby is barred from association with any broker, dealer, investment adviser, municipal securities dealer, or transfer agent.

Respondent be, and hereby is, barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Elizabeth M. Murphy
Secretary

Service List

Rule 141 of the Commission's Rules of Practice provides that the Secretary, or another duly authorized officer of the Commission, shall serve a copy of the Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934 and Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions ("Order"), on the Respondent.

The attached Order has been sent to the following parties and other persons entitled to notice:

Honorable Brenda P. Murray
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