

BEFORE THE ARIZONA CORPORATION COMMISSION

1 WILLIAM A. MUNDELL
2 Chairman
3 JIM IRVIN
4 Commissioner
5 MARC SPITZER
6 Commissioner

7 In the matter of:

8 MOBILE CASH SYSTEMS, LLC
9 8215 S. Eastern Ave., Suite 239
10 Las Vegas, NV 89123

11 WORLD WIRELESS SOLUTIONS, INC.
12 a/k/a WIRELESS EXPRESS USA, INC.
13 544 West Iron Dr. Ste. 102
14 Mesa, AZ 85210

15 WORLD ELECTRONIC PAYMENT
16 SOLUTIONS, INC. d/b/a WEPS
17 544 West Iron Dr. Ste. 102
18 Mesa, AZ 85210

19 WORLD CASH PROVIDERS, LLC
20 1851 Hillpointe Road, Suite 811
21 Henderson, NV 89014

22 WORLD CASH PROVIDERS, INC.
23 3649 West Beechwood Suite 103
24 Fresno, CA 93711

25 MARK ALAN MELKOWSKI, SR.
26 2173 East La Vieve Lane
Tempe, AZ 85254

EAGLE COMMUNICATIONS, INC.
4430 N. Civic Center Plaza #204
Scottsdale, AZ 85251

EAGLE ONE FINANCIAL & TAX, LLC
4430 N. Civic Center Plaza #204
Scottsdale, AZ 85251

GERALD B. ("JERRY") JOHNSON
2010 West Summit Place
Chandler, AZ 85224-1170

KIMBER LEA BAUDOUR
873 North Crossbow Court
Chandler, AZ 85225

Respondents.

) **Docket No. S-03396A-01-0000**
)

) **Docket No. S-03444A-01-0000**
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) **ORDER TO CEASE AND DESIST,
ORDER OF RESTITUTION, ORDER
FOR ADMINISTRATIVE PENALTIES
AND CONSENT TO SAME**
)

) **BY: RESPONDENTS**
)

) **MARK ALAN MELKOWSKI, SR.**
)

) **EAGLE COMMUNICATIONS, INC.**
)

) **EAGLE ONE FINANCIAL & TAX, LLC**
)

) **DECISION NO. _____**
)

- 1 HOTEL CONNECT LLC's #100-2000)
- 2 3649 West Beechwood Suite 103)
- 3 Fresno, CA 93711)
- 4)
- 5 MARK ALAN MELKOWSKI, SR.)
- 6 2173 East La Vieve Lane)
- 7 Tempe, AZ 85254)
- 8)
- 9 EAGLE COMMUNICATIONS, INC.)
- 10 4430 N. Civic Center Plaza #204)
- 11 Scottsdale, AZ 85251)
- 12)
- 13 WALLACE BUTTERWORTH, dba SENIOR)
- 14 ADVISORY SERVICES)
- 15 1880 East Morten Avenue #154)
- 16 Phoenix, AZ 85020)
- 17 CRD #728693)
- 18)
- 19 ROGER LANCETTE, dba NATIONAL)
- 20 ADVISORY SERVICES and SENIOR)
- 21 ADVISORY SERVICES)
- 22 6857 East Montreal Place)
- 23 Scottsdale, Arizona 85254)
- 24)
- 25 RONALD LEE GOBLE)
- 26 6243 East Gelding Drive)
- Scottsdale, AZ 85254)
-)
- GARY LYLE CHRISTIAN)
- 7015 West Firebird Drive)
- Glendale, AZ 85308)
-)
- HYLAND A. STOKES)
- 5570 East Via Montoya Drive)
- Phoenix, AZ 85054)
-)
- Respondents.)

Respondents Mark Alan Melkowski, Sr. (“Melkowski”), Eagle Communications, Inc. (“Eagle”), and Eagle One Financial & Tax, LLC (“Eagle One”) (hereafter collectively “Respondents”) elect to permanently waive any right to a hearing and appeal under Articles 11 and 12 of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* (“Securities Act”) with respect to this Order To Cease And Desist, Order of Restitution, and Order for Administrative Penalties

1 (“Order”). The aforesaid Respondents admit the jurisdiction of the Arizona Corporation
2 Commission (“Commission”); admit only for purposes of this proceeding and any other
3 administrative proceedings before the Commission or any other agency of the state of Arizona, the
4 Findings of Fact and Conclusions of Law contained in this Order; and consent to the entry of this
5 Order by the Commission.

6 **I.**

7 **FINDINGS OF FACT**

8 **A. Respondents.**

9 1. Melkowski is an individual whose last known address is 2173 East La Vieve Lane,
10 Tempe, Arizona, 85254. At various times pertinent hereto, Melkowski was manager of Eagle
11 One; President, Director, and statutory agent of Eagle. Melkowski was President, Director, and
12 shareholder of World Electronic Payment Solutions, Inc. d/b/a WEPS (“WEPS”) from its initial
13 incorporation on August 9, 1999, until October 19, 2000, according to WEPS’ corporate filings.
14 Melkowski was also a Sales Representative for Mobile Cash Systems, LLC (“MCS”).
15 Melkowski was never registered with the Commission as a securities salesman. Melkowski is,
16 and was at all times pertinent hereto, licensed by the Arizona Department of Insurance as an
17 insurance salesman.

18 2. Eagle is an Arizona corporation, incorporated in Arizona on May 27, 1998. Its
19 principal place of business is 4430 N. Civic Center Plaza, #204, Scottsdale, Arizona, 85251. Its
20 purpose is “to conduct the business of marketing financial products.” Eagle was an agent for several
21 sales representatives for Hotel Connect LLCs (“Hotel Connect”) and MCS, hereinafter referred
22 to as “EAGLE Agents.” Melkowski is Eagle’s President, manager and owner.

23 3. Eagle One is an Arizona limited liability company organized on October 8, 1999.
24 Its principal place of business is 4430 N. Civic Center Plaza, #204, Scottsdale, Arizona, 85251.

1 Eagle One was a Sales Manager for World Cash Providers, LLC (“WCP, LLC”), from September 9,
2 1999. Melkowski was Eagle One’s President, manager and owner.

3 **B. Description of the Hotel Connect Offerings.**

4 4. From in or around October 1998, Hotel Connect offered and sold within and from
5 Arizona membership interests in Hotel Connect #100-1100 LLCs. Investors’ funds were to be used
6 to operate a hotel long distance and operator service for the purpose of generating a profit for
7 investors.

8 5. The minimum investment for one membership interest in Hotel Connect was
9 \$10,000, for a projected annualized average 17.6% return for the first five years. Investors were told
10 in sales brochures that the investment provided “high returns with minimal risk, good
11 collateralization, and liquidity.” Sales brochures distributed to investors represented that they could
12 expect annual yields on their investments of 14% during year one, and up to 20% annual yields
13 during year five.

14 6. Respondents solicited some of their investors through cold-calls and at seminars
15 advertised to the general public, followed by visits to the investors’ homes.

16 7. In some instances, Respondents went to investors’ homes to sell them annuities,
17 and then later represented to these investors that Hotel Connect would be a better investment for
18 them because they could make a larger profit from investments in Hotel Connect, and
19 encouraged them to sell their annuities. Some investors sustained penalties or termination
20 charges upon the termination of their annuity contracts, and then, upon Respondents’
21 recommendations, used the funds to purchase interests in Hotel Connect.

22 8. Respondents did not fully disclose the risks of the investments in Hotel Connect.

23 9. Investors in Hotel Connect have not received their first annual return, as promised.

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C. **Description of the Business Opportunity Investment Programs:
WORLD CASH CTMs and MOBILE CASH WTMs.**

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2 10. From in or around January 1999 until around February 2000, World Cash
3 Providers, Inc. (“WCP, Inc.”) and WCP, LLC (hereafter collectively, “World Cash
4 Respondents”), operating out of California and Nevada, collaborated to put together a package of
5 equipment sales and services. The package was presented to investors as “business
6 opportunities,” involving the sale of WCP, LLC cash ticket machines (“CTMs”) together with
7 WCP, Inc. service contracts, whereby the service companies would manage the equipment for the
8 purpose of generating a profit for investors. WCP, LLC sales agents offered and sold these
9 “business opportunities” within and from Arizona.

10 11. On February 8, 2000, the California Department of Corporations (“DOC”) found
11 that the business opportunities sold by World Cash Respondents were securities and ordered
12 WCP, LLC and WCP, Inc. to stop selling these business opportunities in California.

13 12. After World Cash Respondents stopped selling CTM business opportunities, some
14 of the owners, managers and marketers of World Cash Respondents initiated a new business
15 opportunities program substantially similar to the World Cash Respondents’ program, involving
16 the sale of wireless terminal machines (“WTMs”) together with service contracts. Under the new
17 program, from in or around February 2000 until in or around October 2000, MCS sales agents
18 offered and sold WTMs together with service contracts, whereby the service companies would
19 manage the equipment for the purpose of generating a profit for investors. WTM purchasers
20 contracted with World Wireless Solution, Inc. (“Wireless”) to obtain services from Wireless and
21 WEPS. (Hereafter, MCS, Wireless, and WEPS are referred to collectively as the “Mobile Cash
22 Respondents”.) The Mobile Cash Respondents operated from bases of operations in Nevada and
23 Arizona.

24 13. The offering documents for World Cash Respondents’ CTM Program and Mobile
25 Cash Respondents’ WTM Program describe the equipment as serving a similar function of allowing
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1 customers of retail food outlets to use credit or debit cards to electronically process merchant
2 transactions. WTM's are small hand-held mobile units, while CTM's are small stationary cash ticket
3 machines. CTM's are located at a merchant's place of business. WTM's can accompany delivery of
4 food, and be used to record a purchase and generate receipts for the purchaser and the merchant.
5 The services offered by WCP, Inc. for the CTM Program and by Wireless and WEPS for the WTM
6 Program include locating and installing the equipment with retail merchants, handling or processing
7 the transactions, monitoring and maintaining the equipment, and issuing monthly "revenue"
8 distribution checks to the investors or "business owners."

9 14. The investor agreements for the CTM and WTM business opportunity programs
10 are almost identical, and include a Sales Agreement and a Services (sic) Agreement, offered as a
11 package to all investors. Although the Sales Agreements present options for selecting services
12 from several companies, WCP, Inc. was the recommended service company for the CTM's, and
13 Wireless and WEPS were the recommended services companies for the WTM's. Services
14 Agreements for only WCP, Inc. were included in the information packet provided to prospective
15 CTM investors. Services Agreements for only Wireless were included in the information packet
16 provided to prospective WTM investors. WEPS was the designated service company for processing
17 for all Wireless clients.

18 15. Although the offering documents for the CTM and WTM investment programs
19 describe options for different levels of managing the equipment, in practice, all investors selected
20 the full-service option, which offered a revenue-sharing feature and a buy-back provision. Under
21 the full-service option, investors have no responsibilities with respect to the operation of their
22 equipment beyond signing the service contracts, no financial obligations apart from the initial
23 payment to purchase the units, no continuing financial obligation in the operation of their
24 equipment, and no liability for any expenses or costs related to the operation of the equipment.
25 Some of the services offered to investors, including processing and "transaction handling,"
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1 require special expertise. The transaction handling was to be performed by WCP, Inc. for the CTMs
2 and Wireless for the WTMs. The processing of transactions was to be performed by WEPS for the
3 WTMs. Both functions were key to generating a profit for investors.

4 16. All Arizona CTM investors selected WCP, Inc. to handle all services needed to
5 manage their CTMs, and all WTM investors selected Wireless and WEPS to handle all services
6 necessary to manage their WTMs.

7 17. Investors exercised no managerial or entrepreneurial duties in connection with
8 these investments. The profits of the investors were dependent upon the transaction handling and
9 monitoring services provided by WCP, Inc., Wireless and WEPS.

10 18. From in or around January 1999 until February 2000, when the California DOC
11 issued its Desist and Refrain Orders against World Cash Respondents and some of its principals,
12 World Cash Respondents offered and sold the CTM business opportunities within and from
13 Arizona to approximately 100 investors who invested approximately \$4,376,300. The minimum
14 investment, which was \$7,000 for two CTMs at \$3,500 each, increased in or around October
15 1999 to \$9,000 for two CTMs at \$4,500 each, for a five-year term. Respondents sold CTM
16 business opportunities directly to 10 investors, who invested a total of \$690,000. Respondents
17 participated directly in the sale of CTM business opportunities to at least three additional
18 investors, who invested a total of \$327,500.

19 19. In late 1999, when the California DOC was investigating World Cash Respondents,
20 Melkowski and Gerald B. Johnson ("Johnson") were involved in one or more meetings with
21 principals or owners and marketers of World Cash Respondents, in Fresno, California, to plan the
22 service operations that would be promoted to investors for management of the WTMs. Melkowski
23 was named as President and Director of WEPS in incorporating documents filed in Nevada in
24 August 1999. Johnson was named as President and Director of Wireless in incorporating documents
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1 filed in Arizona in early 2000. The operating headquarters for both Wireless and WEPS is, and was
2 at all pertinent times, the same address in Mesa, Arizona.

3 20. Melkowski is reflected as WEPS' President on WEPS' corporate filings from
4 WEPS' initial filing of its incorporating documents in Nevada on August 9, 1999, until October 19,
5 2000.

6 21. From in or around January 2000, Mobile Cash Respondents offered and sold
7 WTM business opportunities within and from Arizona. By mid-October 2000, approximately
8 104 investors throughout several states had purchased 1645 units together with Services
9 Agreements, totaling approximately \$8,225,000 in investment funds. The minimum investment
10 was \$10,000 for two WTMs at \$5,000 each, for a five-year term. Respondents sold the WTM
11 business opportunity directly to one investor, who invested \$180,000.

12 22. The CTMs and WTMs were sold to retired and unsophisticated investors who had
13 no experience in or knowledge of cash ticket machine or wireless terminal machine businesses, and
14 who never intended to take possession of, or to manage, the equipment. Most investors do not even
15 know where their equipment is located. Through written and oral statements, Mobile Cash
16 Respondents and World Cash Respondents and their sales agents led investors to believe that these
17 were passive investments.

18 23. According to written materials and oral statements made by sales agents, investors
19 in the CTM and WTM programs are supposed to receive a) minimum monthly revenue
20 equivalent to 13% per annum of their original investment, generated from the operation of their
21 equipment; b) a share of the monthly net profit on each machine in excess of the base monthly
22 payment; c) a full return of their investment at the end of the five-year term because they have a
23 right to sell the equipment back to the service company for the original amount of the investment,
24 or to renew the investment; and d) if the monthly revenue from the operation of the machines
25 falls below the base payment, the right to request that the service companies repurchase the
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1 equipment for the original sales price, or relocate the equipment to another location with the
2 potential for a higher profit from sharing in increased revenue.

3 24. Under the CTM Equipment Sales Agreement, WCP, LLC represented to investors
4 that the “Closing” of the transactions contemplated by the Equipment Sales Agreement, which
5 included delivery of the CTMs and “Leased Site” assignments to the Purchaser or the Purchaser’s
6 Agent, would occur within 30 (later changed to 60) days of the receipt of the completed contracts
7 and collected funds. The Purchaser was entitled to terminate the agreement if the Closing of the
8 transactions contemplated by the Equipment Sales Agreement did not occur within the applicable
9 time period set forth in the Agreement. If for any reason such Closing did not occur, then the
10 Purchaser’s payment was to be promptly returned to the Purchaser. Many investors were never
11 notified of the location of their machines or whether their machines were even delivered to a
12 merchant site. Many investors received monthly “revenue” distribution payments even though their
13 equipment was never delivered or placed in service, and generated no revenue. Those investors
14 were not informed that their equipment was not delivered or placed in service within the time period
15 for terminating their contracts, and their funds were not returned to them.

16 25. Under the CTM Services Agreement, WCP, Inc., who was agent for the investor,
17 represented to investors that their monthly distribution payments would be based upon the
18 equipment revenues collected by the service company. Under the full-service agreement, investors
19 were to share in any revenues that exceeded their base monthly distributions. There was no
20 provision for any routine or periodic accounting as to the actual revenue generated from the
21 operation of their CTMs. WCP, Inc. paid all CTM investors monthly “revenue” distribution
22 checks until around March 2000. By June 2000, all payments stopped.

23 26. Similar to the CTM Equipment Sales Agreement, under the WTM Equipment
24 Sales Agreement, MCS represented to investors that the Purchaser was entitled to terminate the
25 agreement if the Closing of the transactions contemplated by the Equipment Sales Agreement did
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1 not occur within the applicable time period set forth in the Agreement, which was 90 days. The
2 transactions contemplated by the Equipment Sales Agreement included delivery of the WTM's.
3 However, the Agreement provided that "Closing" would be deemed to have occurred within 90 days
4 of the date of sale and clearing of the collected funds. WTM investors were not informed that their
5 equipment was not delivered or placed in service within the time period for terminating their
6 contracts.

7 27. Similar to the CTM Services Agreement, under the WTM Services Agreement,
8 Wireless, who was agent for the investor, represented to investors that their monthly distribution
9 payments would be based upon the equipment revenues collected by the service company. Under
10 the full-service agreement, investors were to share in any revenues that exceeded their base
11 monthly distributions. There was no provision for any routine or periodic accounting as to the
12 actual revenue generated from the operation of their WTM's. Wireless paid all WTM investors
13 monthly "revenue" distribution checks until around March 2001, although no revenue was
14 generated. As of February 2001, no WTM equipment had been placed in service for investors. The
15 distribution payments were made from funds wire-transferred to Wireless from MCS, the company
16 that sold the equipment to investors and received the investors' funds. From April through
17 December 2000, according to Wireless' accounting records, WTM investors were paid a total of
18 approximately \$458,471.00 in distributions. At that time, investors were not informed that their
19 monthly distributions were not generated from the operation of their machines, or that their
20 machines were not in operation.

21 **D. Sales and Marketing Network for the "Business Opportunities."**

22 28. Respondents recruited the EAGLE Agents, provided them with necessary paperwork
23 for selling Hotel Connect LLC interests, and business opportunities in World Cash Providers CTMs
24 and Mobile Cash WTM's, and paid them commissions based upon the amount of money invested
25 through their sales and marketing efforts. Respondents negotiated commission splits individually
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1 with his EAGLE Agents and paid them from his own account. Respondents' commissions for the
2 sale of the CTM business opportunities was 16-19% of the investors' funds, and their commissions
3 for the sale of the WTM business opportunities and Hotel Connect was 20% of investors' funds.
4 Melkowski decided what commissions to pay to each of the EAGLE Agents individually.

5 29. Hotel Connect, World Cash Respondents and Mobile Cash Respondents provided
6 sales conferences and training sessions for agents, on how to sell the business opportunities
7 programs. Melkowski made presentations at some of the sessions. Training sessions for Hotel
8 Connect and WCP, LLC sales agents were held until around June 1999 at the home offices of World
9 Cash Respondents in Fresno, California. In or around March 2000, a training session was held in
10 Las Vegas, Nevada to instruct MCS sales agents how to present the MCS/Wireless/WEPS WTM
11 business opportunities program.

12 30. Respondents and their EAGLE Agents represented that these investments were more
13 profitable than other investments, and encouraged investors to transfer their funds from CDs, mutual
14 funds, and annuities, for their financial betterment.

15 31. In connection with the offer or sale of securities within or from Arizona,
16 Respondents directly or indirectly made untrue statements of material fact or omitted to state
17 material facts which were necessary in order to make the statements made not misleading in light of
18 the circumstances under which they were made. Respondents' conduct includes, but is not limited
19 to, the following:

20 a) Failing to disclose specific risks involved in investments in the business
21 opportunities, including but not limited to the risk that the CTM or WTM units may never be
22 placed in service.

23 b) Representing to CTM investors that their equipment would be delivered within
24 30 or 60 days of their completed contract, when in fact many of the CTMs that were
25 purchased were never delivered or placed in service.

1 c) Failing to disclose that many of the CTMs that were purchased were never
2 delivered or placed in service.

3 d) Representing that CTM investors were to receive monthly distributions from the
4 revenue generated from the operation of their CTMs. In fact, however, monthly
5 distributions were being paid to many investors for CTMs that were never placed in service
6 for them.

7 e) Representing that WTM investors were to receive monthly distributions from the
8 revenue generated from the operation of their WTMs. In fact, however, from April through
9 January 2000, Wireless distributed monthly payments to investors although no equipment
10 was placed in service for any investors.

11 f) Failing to disclose to WTM investors that no WTMs had been placed in service.

12 g) Failing to disclose any financial or background information about the issuers
13 or their principals.

14 h) Failing to disclose that Hotel Connect investor funds were being transferred to
15 other affiliated companies without investors' knowledge.

16 i) Failing to disclose that on February 8, 2000, the California DOC issued orders
17 finding that the business opportunities or investment contracts involving CTMs were
18 securities and ordering World Cash Respondents to desist and refrain from the unlawful
19 sale of these securities in California.

20 II.

21 CONCLUSIONS OF LAW

22 1. The Commission has jurisdiction over this matter pursuant to Article XV of the
23 Arizona Constitution and the Securities Act.

24 2. Respondents offered or sold securities within or from Arizona, within the meaning
25 of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

1 order payable to the "State of Arizona" to be placed in an interest-bearing account maintained and
2 controlled by the Arizona Attorney General. The Arizona Attorney General shall disburse the
3 funds on a pro rata basis to investors. Any funds that the Attorney General is unable to disburse
4 shall revert to the state of Arizona.

5 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that Respondents shall, jointly
6 and severally with any other Respondents who are subject to Orders of the Commission, pay
7 restitution to CTM investors shown on the records of the Commission in the amount of
8 \$1,017,500, plus interest at the rate of 10% per annum from the date of each investment until paid
9 in full. If additional CTM investors are later discovered, Respondents shall pay claims of those
10 investors under the terms of this Order. Payment shall be made by cashier's check or money order
11 payable to the "State of Arizona" to be placed in an interest-bearing account maintained and
12 controlled by the Arizona Attorney General. The Arizona Attorney General shall disburse the
13 funds on a pro rata basis to investors. Any funds that the Attorney General is unable to disburse
14 shall revert to the state of Arizona.

15 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that Respondents shall, jointly
16 and severally with any other Respondents who are subject to Orders of the Commission, pay
17 restitution to WTM investors shown on the records of the Commission in the amount of \$180,000,
18 plus interest at the rate of 10% per annum from the date of each investment, until paid in full. If
19 additional WTM investors are later discovered, Respondents shall pay claims of those investors
20 under the terms of this Order. Payment shall be made by cashier's check or money order payable
21 to the "State of Arizona" to be placed in an interest-bearing account maintained and controlled by
22 the Arizona Attorney General. The Arizona Attorney General shall disburse the funds on a pro
23 rata basis to investors. Any funds that the Attorney General is unable to disburse shall revert to the
24 state of Arizona.

CONSENT TO ENTRY OF ORDER

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2 1. RESPONDENTS MARK ALAN MELKOWSKI, SR. (“MELKOWSKI”), EAGLE
3 ONE FINANCIAL & TAX, LLC (“EAGLE ONE”) and EAGLE COMMUNICATIONS, INC.
4 (“RESPONDENTS”) admit the jurisdiction of the Commission over the subject matter of this
5 proceeding. RESPONDENTS acknowledge that they have been fully advised of their rights to a
6 hearing to present evidence and call witnesses and RESPONDENTS knowingly and voluntarily
7 waive any and all rights to a hearing before the Commission and all other rights otherwise
8 available under Article 11 of the Securities Act and Title 14 of the Arizona Administrative Code.
9 RESPONDENTS acknowledge that this Order To Cease And Desist, Order for Restitution, Order
10 for Administrative Penalties and Consent to Same (“Order”) constitutes a valid final order of the
11 Commission.

12 2. RESPONDENTS knowingly and voluntarily waive any right they may have under
13 Article 12 of the Securities Act to judicial review by any court by way of suit, appeal, or
14 extraordinary relief resulting from the entry of this Order.

15 3. RESPONDENTS acknowledge and agree that this Order is entered into freely and
16 voluntarily and that no promise was made or coercion used to induce such entry.

17 4. RESPONDENTS acknowledge that they have chosen not to be represented by
18 counsel in this matter, they have reviewed this Order and understand all terms it contains.

19 5. RESPONDENTS admit only for purposes of this proceeding and any other
20 administrative proceeding before the Commission or any other agency of the state of Arizona the
21 Findings of Fact and Conclusions of Law contained in this Order.

22 6. By consenting to the entry of this Order, RESPONDENTS agree not to take any
23 action or to make, or permit to be made, any public statement denying, directly or indirectly, any
24 Finding of Fact or Conclusion of Law in this Order or creating the impression that this Order is
25 without factual basis. RESPONDENTS will undertake steps necessary to assure that all of their
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1 agents and employees understand and comply with this agreement. Nothing in this provision
2 affects RESPONDENTS' testimonial obligations or right to take legal positions in litigation in
3 which an administrative agency of the state of Arizona is not a party.

4 7. While this Order settles this administrative matter between RESPONDENTS and
5 the Commission, RESPONDENTS understand that this Order does not preclude the Commission
6 from instituting other administrative proceedings based on violations that are not addressed by this
7 Order.

8 8. RESPONDENTS understand that this Order does not preclude the Commission
9 from referring this matter to any governmental agency for administrative, civil, or criminal
10 proceedings that may be related to the matters addressed by this Order.

11 9. RESPONDENTS understand that this Order does not preclude any other agency or
12 officer of the state of Arizona or its subdivisions from instituting administrative, civil or criminal
13 proceedings that may be related to matters addressed by this Order.

14 10. RESPONDENTS agree that they will never apply to the state of Arizona for
15 registration as a securities dealer or salesman or for licensure as an investment adviser or
16 investment adviser representative.

17 11. RESPONDENTS agree that they will not offer or sell, directly or indirectly,
18 securities or provide investment advisory services, within or from Arizona.

19 12. RESPONDENTS agree that they will not exercise any control over any entity or
20 person that offers or sells, directly or indirectly, securities or provides investment advisory services,
21 within or from Arizona.

22 13. RESPONDENTS acknowledge and agree that the existence of this Order would be a
23 "material fact" to any reasonable investor, and RESPONDENTS acknowledge and agree that the
24 existence of this Order, and its terms, will be affirmatively disclosed by them to any person to whom
25 RESPONDENTS may offer or sell securities, within the meaning of A.R.S. §§ 44-1801(15), 44-

1 1801(21) and 44-1801(26), and to any person with respect to whom RESPONDENTS may act as an
2 investment adviser or investment adviser representative, within the meaning of A.R.S. § 44-3101(4)
3 or § 44-3101(5), in any instance in which such offer or sale, or such provision of investment advice.

4 14. This agreement and Order shall be binding upon RESPONDENTS’ agents, heirs,
5 employees, assigns, representatives, beneficiaries or other successors in interest of any kind.

6 15. RESPONDENTS agree that until restitution and penalties are paid in full,
7 RESPONDENTS will notify the Director of the Securities Division within 30 days of any change
8 in home address or any change in RESPONDENTS’ ability to pay amounts due under this Order.

9 16. RESPONDENTS understand that default shall render them liable to the
10 Commission for its costs of collection and interest at the maximum legal rate.

11 17. RESPONDENTS agree that they will continue to cooperate with the Securities
12 Division including, but not limited to, providing complete and accurate testimony at any hearing in
13 this matter and cooperating with the state of Arizona in any related investigation or any other
14 matters arising from the activities described in this Order.

15 18. RESPONDENTS consent to the entry of this Order and agree to be fully bound by
16 its terms and conditions. If RESPONDENTS or any of them breach any provision of this Order,
17 the Commission may vacate this Order and restore this case to its active docket.

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19. MARK ALAN MELKOWSKI, SR. represents that he is President of EAGLE ONE and EAGLE COMMUNICATIONS, INC. and has been authorized by EAGLE ONE and EAGLE COMMUNICATIONS, INC. to enter into this Order for and on behalf of them.

MARK ALAN MELKOWSKI, SR.

SUBSCRIBED AND SWORN TO BEFORE me this ____ day of _____, 2001.

NOTARY PUBLIC

My Commission Expires:

EAGLE ONE FINANCIAL & TAX, LLC

By: Mark Alan Melkowski, Sr., President

SUBSCRIBED AND SWORN TO BEFORE me this ____ day of _____, 2001.

NOTARY PUBLIC

My Commission Expires:

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EAGLE COMMUNICATIONS, INC.

By: Mark Alan Melkowski, Sr., President

SUBSCRIBED AND SWORN TO BEFORE me this _____ day of _____, 2001.

NOTARY PUBLIC

My Commission Expires:
