

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

In the Matter of
E.A.S., INC.,
JOHN NICHOLS, and
MIKE CARR,

PETITION FOR ORDER

Respondents.

File No. S-01230(EX)

The staff of the Enforcement Unit, Registration & Enforcement Section, of the Division of Securities, Department of Financial Institutions, State of Wisconsin has conducted an investigation in this matter pursuant to sec. 551.56, Wis. Stats. and as a result thereof alleges as follows:

1. E.A.S., Inc. (hereinafter referred to as "EAS") is a foreign business entity with a last known business addresses of 2501 E. Chapman Avenue #100, Fullerton, California 92831, and 5836 S. Pecos, Las Vegas, Nevada 89120;
2. John Nichols (hereinafter referred to as "Nichols") is an individual who at all times material hereto has been the president of EAS, with a last known business address at that of EAS;
3. Mike Carr (hereinafter referred to as "Carr") is an individual who at all times material hereto has been an agent of EAS and Nichols, with a last known business address at that of EAS;
4. During the period of 2000 and 2001, Carr on behalf of EAS and Nichols, offered and sold to at least one person in Wisconsin interests in five corporate notes of EAS;
5. Pursuant to the offering materials received by persons in Wisconsin, EAS will engage in the business of operating electronic advertising for merchants nationwide;
6. Upon information and belief, investors can play a passive role in the company with no duties and responsibilities;
7. Upon information and belief, each investor will not be involved in the day-to-day management of EAS, since there are too many investors for them to each have any meaningful input, and they do not have the expertise or experience necessary to perform its duties;
8. Since the investors will be involved in a common enterprise with the expectation of profits to be derived from the essential managerial efforts of others, the "corporate notes" offered and sold by the respondents are investment contracts as defined by section DFI-Sec. 1.02(6)(a), Wis. Adm. Code, and are therefore securities as defined by sec. 551.02(13), Wis. Stats.;
9. The EAS investment contracts have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.;
10. All Respondents have violated sec. 551.21(1), Wis. Stats., by offering unregistered securities in Wisconsin;

11. Upon information and belief, in connection with the offers of the securities described above, Carr transacted business in Wisconsin as an "agent" for EAS and Nichols, as that term is defined by sec. 551.02(2), Wis. Stats.;

12. At no time has Carr been licensed as a securities agent pursuant to Ch. 551, Wis. Stats.;

13. Carr has violated sec. 551.31(1), Wis. Stats., by transacting business in Wisconsin as a securities agent without a license;

14. EAS and Nichols have violated sec. 551.31(2), Wis. Stats., by employing an unlicensed agent to represent them in Wisconsin; and

13. The Staff of the Division of Securities sent an inquiry letter to EAS dated September 27, 2001, for information and documents concerning its securities-related transactions with persons in Wisconsin, but to date has received no response.

Therefore, the staff of the Enforcement Unit petitions the Administrator of the Division of Securities for the issuance of the attached Order pursuant to Ch. 551, Wis. Stats.

Mark E. Dorman 2-15-02
 Mark E. Dorman Date
 Examiner
 Enforcement Unit

David A. Cohen 2/12/02
 David A. Cohen Date
 Supervising Attorney
 Enforcement Unit

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

In the Matter of
E.A.S., INC.,

ORDER OF PROHIBITION
AND REVOCATION
(SUMMARY)

Respondent.

File No. S-01230(EX)

Based upon the attached Petition for Order I have reason to believe that unregistered securities have been offered or sold in Wisconsin by an unlicensed person in violation of Ch. 551, Wis. Stats., and that any further offer or sale of unregistered securities by or on behalf of the Respondent would be fraudulent to purchasers, and I find that this action is necessary and appropriate in the public interest and for the protection of investors;

Therefore, pursuant to secs. 551.24(2), 551.60(2)(a) and (b) and 551.63, Wis. Stats.,

IT IS ORDERED THAT:

- a. E.A.S. Inc., its successors, affiliates, controlling persons, officers, agents, servants, employees, and every entity and person directly or indirectly controlled or organized by or on its behalf, are prohibited 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 are registered under Ch. 551, Wis. Stats., or successor statute.
- b. All exemptions from registration set forth at Ch. 551, Wis. Stats., or successor statute, that might otherwise apply to any offer or sale of any security of or by E.A.S., Inc., its successors, affiliates, controlling persons, and every entity and person directly or indirectly controlled or organized by or on its behalf, are hereby revoked.
- c. E.A.S., Inc., its successors, affiliates, controlling persons, officers, agents, servants, employees, and every entity and person directly or indirectly controlled or hereafter organized by or on its behalf, are prohibited from employing an agent to represent them in Wisconsin unless the agent is licensed under Ch. 551, Wis. Stats., or successor statute, or excepted from the licensing requirement.

EXECUTED at Madison, Wisconsin, this 27th day of February, 2002.

(SEAL)



Patricia D. Struck
Administrator
Division of Securities

NOTICE:

Under sec. 551.61(2), Wis. Stats., within thirty (30) days after any Order has become effective without a hearing, any interested party may file a written request with the Administrator of the Division of Securities for a hearing in respect to any matters determined by the Order. A request for hearing shall be in the form of a petition for hearing and shall, under section SEC 8.01, Wis. Adm. Code, plainly admit or deny each specific allegation, finding, or conclusion in the Order and incorporated papers (unless the petitioner lacks sufficient knowledge or information to permit an admission or denial, in which case the petition shall so state, and such statement shall have the effect of a denial), and shall state all affirmative defenses.

You are advised that any wilful violation of an Order issued by the Administrator of the Division of Securities of the State of Wisconsin Department of Financial Institutions under Ch. 551, Wis. Stats., is a criminal offense punishable under the provisions of sec. 551.58, Wis. Stats.

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

In the Matter of
JOHN NICHOLS,

ORDER OF PROHIBITION
AND REVOCATION
(SUMMARY)

Respondent.

File No. S-01230(EX)

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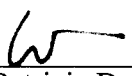
Therefore, pursuant to secs. 551.24(2), 551.60(2)(a) and (b) and 551.63, Wis. Stats.,

IT IS ORDERED THAT:

- a. John Nichols, his agents, servants, employees, and every entity and person directly or indirectly controlled or organized by or on his behalf, are prohibited 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 are registered under Ch. 551, Wis. Stats., or successor statute.
- b. All exemptions from registration set forth at Ch. 551, Wis. Stats., or successor statute, that might otherwise apply to any offer or sale of any security of or by John Nichols, his agents, servants, employees, and every entity and person directly or indirectly controlled or organized by or on his behalf, are hereby revoked.
- c. John Nichols, his successors, officers, agents, servants, employees, and every entity and person directly or indirectly controlled or hereafter organized by or on his behalf, are prohibited from employing an agent to represent him in Wisconsin unless the agent is licensed under Ch. 551, Wis. Stats., or successor statute, or excepted from the licensing requirement.

EXECUTED at Madison, Wisconsin, this 27th day of February, 2002.

(SEAL)



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

In the Matter of
MIKE CARR,

ORDER OF PROHIBITION
AND REVOCATION
(SUMMARY)

Respondent.

File No. S-01230(EX)

Based upon the attached Petition for Order I have reason to believe that unregistered securities have been offered or sold in Wisconsin by an unlicensed person in violation of Ch. 551, Wis. Stats., and that any further offer or sale of unregistered securities by or on behalf of the Respondent would be fraudulent to purchasers, and I find that this action is necessary and appropriate in the public interest and for the protection of investors;

Therefore, pursuant to secs. 551.24(2), 551.60(2)(a) and (b) and 551.63, Wis. Stats.,

IT IS ORDERED THAT:

- a. Mike Carr, his agents, servants, employees, and every entity and person directly or indirectly controlled or organized by or on his behalf, are prohibited 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 are registered under Ch. 551, Wis. Stats., or successor statute.
- b. All exemptions from registration set forth at Ch. 551, Wis. Stats., or successor statute, that might otherwise apply to any offer or sale of any security of or by Mike Carr, his agents, servants, employees, and every entity and person directly or indirectly controlled or organized by or on his behalf, are hereby revoked.
- c. Mike Carr is prohibited from transacting business in Wisconsin as a securities agent unless licensed under Ch. 551, Wis. Stats., or successor statute, or excepted from the licensing requirement.

EXECUTED at Madison, Wisconsin, this 27th day of February, 2002.

(SEAL)



Patricia D. Struck
Administrator
Division of Securities

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