

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

In the Matter of
COMPACT CONNECTION, INC.,
JAMES BRADLEY, a/k/a DARRELL
PIERCY, R.W. KELLY and TOM SHEAHAN,

PETITION FOR ORDER
(SUMMARY)

Respondents.

File S-97317(FX)

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. 553.55, Wis. Stats., and as a result thereof alleges as follows:

1. James Bradley, a/k/a Darrell Piercy ("Bradley"), is an individual, with a last known business address of 1520 Brookhollow Drive, Ste. 33, Santa Ana, CA 92705.
2. Bradley, a/k/a Darrell Piercy, has been a salesperson for Compact Connection, Inc., with a last known business address of 1520 Brookhollow Drive, Ste. 33, Santa Ana, CA 92705.
3. R.W. Kelly ("Kelly"), is an individual, with a last known business address of 1520 Brookhollow Drive, Ste. 33, Santa Ana, CA 92705.
4. Kelly has been a salesperson for Compact Connection, Inc., with a last known business address of 1520 Brookhollow Drive, Ste. 33, Santa Ana, CA 92705.
5. Tom Sheahan ("Sheahan"), is an individual, with a last known business address of 1520 Brookhollow Drive, Ste. 33, Santa Ana, CA 92705.
6. Sheahan has been a salesperson for Compact Connection, Inc., with a last known business address of 1520 Brookhollow Drive, Ste. 33, Santa Ana, CA 92705.
7. Compact Connection, Inc. ("Compact"), is a foreign business entity, with a last known business address of 1520 Brookhollow Drive, Ste. 33, Santa Ana, CA 92705.
8. In approximately May, 1997, after responding to an advertisement in a Wisconsin newspaper, a person in Wisconsin was offered a business opportunity in Compact.
9. On or about June 23, 1997, a person in Wisconsin signed a Contract and Distribution Agreement ("Agreement") and mailed it to Compact at their former address of 2601 Main Street, Suite 270, Irvine, CA 92714.
10. On June 26, 1997, the person in Wisconsin wired funds to a bank in California to an account in the name of Compact Connection, Inc
11. Pursuant to the Agreement, the "business opportunity" sold contained the right to engage in the business of offering, selling or distributing goods or services under a marketing plan or system prescribed in substantial part by the franchisor; the operation of the business in association with a

trademark, service mark, trade name, logotype, advertising or other commercial symbol; and the required payment of a fee.

- 12. The "business opportunity" described in paragraph 8 above is a franchise as defined by sec. 553.03(4), Wis. Stats., and has never been registered for sale in Wisconsin pursuant to Ch. 553, Wis. Stats.
- 13. Respondents have violated sec. 553.21, Wis. Stats., by selling an unregistered franchise in Wisconsin.
- 14. The Agreement referred to in paragraph 9 above states that neither officers nor employees of CCI are now nor have ever been subjected to any currently effective injunction or restrictive order relating to business activity as a result of an action brought by a public agency or department, including, but not limited to, actions affecting any vocational license.
- 15. Piercy, a/k/a Bradley, was named as a respondent in a Cease and Desist Order for offering and selling unregistered business opportunities and failing to disclose to purchasers certain material investment information issued on December 23, 1986 by the State of Connecticut.
- 16. Respondents have violated sec. 553.41(3), Wis. Stats., by entering into an agreement that includes an untrue statement of a material fact and omitting 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.

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.

Kathryn L. Denton *10/28/98*

 Kathryn L. Denton Date
 Examiner
 Enforcement Unit

David A. Cohen *12/28/98*

 David A. Cohen Date
 Supervising Attorney
 Enforcement Unit