

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

In the Matter of
CHRISTOPHER A. POLLEY, LYDIA L.
BANES, RAYMOND H. BEAM, DAVID E.
MORRIS, RICHARD H. INZER, STEPHEN
HENDERSON, GEORGE HOLMES, HOWARD W.
KRATZ,

PETITION FOR ORDER

Respondents.

File No. S-98306(EX)

The staff of the Enforcement Unit of the Registration & Enforcement Section of the Division of Securities alleges that:

1. Tel Com Plus, Inc. ("Tel Com") is a foreign business entity with a last known business address of 13902 N. Dale Mabry, Ste. 212, Tampa, FL 33618.
2. Prime Equities Group, Inc., ("PEGI") is a foreign business entity with a last known business address of 13902 N. Dale Mabry, Ste. 212, Tampa, FL 33618.
3. Marketing Concepts International ("MCI") is a foreign business entity with a last known business address of 428 Hill St., Ste. 102, Reno, NV 89501.
4. United States Telecommunications, Inc. ("USTI") is a foreign business entity with a last known business address at that of Tel Com.
5. Millennium Associates, Inc. ("Millennium") is a foreign business entity with a last known business address of 7100 W. Camino Real, Ste. 401, Boca Raton, FL 33433.
6. Capital Funds Administration, Inc. ("CFA") is a foreign business entity with a last known business address of 3837 Northdale Blvd., Ste. 204, Tampa, FL 33624.
7. Tel Com Plus East, LLC/Tel Com Plus West, LLC ("LLC") is a foreign business entity with a last known business address of 13902 N. Dale Mabry, Ste. 212, Tampa, FL 33618.
8. Joseph P. Cillo (CRD #8982477) ("Cillo") is an individual who at all times material hereto has been an officer of USTI and of PEGI, with a last known business address at that of Tel Com.
9. Christopher A. Polley ("Polley") is an individual who at all times material hereto has been an officer of Tel Com, with a last known business address at that of Tel Com.
10. Lydia L. Banes ("Banes") is an individual who at all times material hereto has been an officer of Tel Com, with a last known business address at that of Tel Com and a last known residence address of 7044 Quakertown Ave., Winnetka, CA 91306.

11. Raymond H. Beam (“Beam”) is an individual who at all times material hereto has been an officer of PEGI and USTI, with a last known business address at that of Tel Com and a last known residence address of 4326 Columbus Dr., Spring Hill, FL 34607.
12. David E. Morris (CRD #3048827; DOB 7/26/56) (“Morris”) is an individual who at all times material hereto has been an officer of MCI, with a last known business address at that of MCI and a last known residence address of 35 N. Stonington Rd., Laguna Beach, CA 92651.
13. Richard H. Inzer (“Inzer”) is an individual who at all times material hereto has been an officer of USTI, with a last known business address at that of Tel Com. and a last known residence address of 7494 S Washington Cir., Littleton, CO 80122.
14. Stephen Henderson (“Henderson”) is an individual who at all times material hereto has been an officer of USTI, with a last known business address at that of Tel Com.
15. George Holmes (“Holmes”) is an individual who at all times material hereto has been an officer of Millennium, with a last known business address at that of Millennium
16. Howard W. Kratz (“Kratz”) is an individual who at all times material hereto has been an officer of CFA, with a last known business address at that of CFA.
17. During the period of April through June 1998, agents, on behalf of Tel Com, USTI, LLC, CFA, MCI, Polley, Banes, Beam, Morris, Inzer, Henderson, Holmes, and Kratz, offered to at least one person in Wisconsin “units of ownership” in LLC.
18. The LLC investment contract securities have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.
19. All Respondents have violated sec. 551.21(1), Wis. Stats., by offering unregistered securities in Wisconsin.
20. At no time have the agents been licensed as securities agents pursuant to Ch. 551, Wis. Stats.
21. Polley, Banes, Beam, Morris, Inzer, Henderson, Holmes, and Kratz, have violated sec. 551.31(2), Wis. Stats., by employing unlicensed agents to represent them in Wisconsin.
22. On June 14, 1991, Cillo consented to the entry of a Final Judgment of Permanent Injunction, based on allegations of securities law violations, including fraud, in the U.S. District Court for the Central District of California, in the matter of SEC vs. David D. Sterns, et al. (Civil Action No. 91-1303 ER, TX)
23. On January 14, 1994, an Order of Permanent Injunction was entered against Cillo, based on allegations of securities law violations, in the U.S. District Court for the District of Utah, in the matter of SEC vs. Unifirst Corporation, et al. (Civil Action No. 93-C-867J)
24. On June 13, 1995, the United States Securities and Exchange Commission issued an Order barring Cillo from participating in an offering of penny stock, based on allegations of securities laws violations.
25. On January 29, 1998, the State of North Dakota issued a Cease and Desist Order against Tel Com, and PEGI based on allegations of securities law violations.

- 26. On March 6, 1998, the State of South Dakota issued a Cease and Desist Order against Tel Com and MCI, based on allegations of securities law violations.
- 27. In connection with the offer of the securities described in Paragraph 17, the Respondents omitted to disclose the issuance of the actions referred to in Paragraphs 22 through 26.
- 28. All Respondents have violated sec. 551.41(2), Wis. Stats., by omitting to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, in connection with the offer and sale of securities to persons in Wisconsin.
- 29. Pursuant to the offering materials received by persons in Wisconsin, Tel Com's "1998 proposed national build-out" was to include the State of Wisconsin by September 1, 1998, since in February 1998 "50 Public Utility Licenses have been filed."
- 30. To date, Respondents have not filed with the Wisconsin Public Service Commission to act as a telephone company in Wisconsin.
- 31. All Respondents have violated sec. 551.41(2), Wis. Stats., by making an untrue statement of material fact in the offer and sale of securities to persons in Wisconsin.
- 32. On June 23, 1998, the State of Pennsylvania issued a Cease and Desist Order against Tel Com, LLC, and PEGI, based on allegations of securities law violations.
- 33. On September 11, 1998, the State of Illinois issued an Order of Prohibition against Tel Com, LLC, their officers, directors, employees, agents, successors and affiliates, based on allegations of securities law violations.
- 34. On December 17, 1998, the Wisconsin Department of Financial Institutions, Division of Securities issued Summary Orders of Prohibition and Revocation against Tel Com, PEGI, MCI, USTI, Millennium, and CFA.

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.

 12-21-98

 Mark E. Dorman Date
 Examiner
 Enforcement Unit

 12/21/98

 David A. Cohen Date
 Supervising Attorney
 Enforcement Unit