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

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| In the Matter of<br>EZ STOCKS.COM, INC. | PETITION FOR ORDER |
| Respondent. | File No. S-00107(EX) |

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

1. EZ Stocks.com, Inc. ("EZ.com") is a foreign corporation with a last known business address at 424 E. Wisconsin Ave., Milwaukee, WI 53202.

2. Jerome E. Liss ("Liss") is an individual with a last known business address at that of EZ.com.

3. Richard A. Kranitz ("Kranitz") is an individual with a last known business address at 1238 12th Ave., Grafton, WI 53024.

4. J.E. Liss & Co., Inc. d/b/a/ Liss Financial Services ("JEL") is a Wisconsin licensed broker-dealer (CRD #21950) with a business address at 424 E. Wisconsin Ave., Milwaukee, WI 53202.

5. EZ Stock, Inc. ("EZ") is a Wisconsin corporation with a business address at 175 W. Jackson Blvd., Chicago IL 60604.

6. At all times material hereto, Liss has been the owner, controlling person, officer, and director of JEL.

7. In connection with an offering of its common stock, EZ.com has used and is continuing to use a private placement memorandum dated December 1, 1999 (the "PPM") with four supplements dated December 9, 1999, January 10, 2000, March 17, 2000, and April 7, 2000 (together the "Supplements").

8. Upon information and belief, Kranitz is an officer of EZ.com

9. According to the PPM:

a. EZ.com is a holding company for EZ; it has no independent business or source of revenue;

b. EZ was formed to be an "internet" broker-dealer;

c. The purpose of the EZ.com offering is to raise money to fund EZ;

d. JEL is the managing underwriter for the offering;

e. Ian Scott ("Scott"), an employee of JEL, as well as other personnel of JEL are expected to fill various positions in EZ.

10. Upon information and belief, Liss has significant managerial control and ownership of JEL, EZ.com, and EZ.

11. Upon information and belief, Kranitz, on behalf of Liss, prepared the PPM and the Supplements and acts as legal counsel to Liss, JEL, EZ.com, and EZ.

12. In 1996, the Division opened an investigation into certain sales activities of JEL and Liss in connection with the offer and sale of the Arch Fund investment products; JEL, Liss, attorneys for JEL and Liss, as well as Kranitz were informed of this investigation.

13. On October 13, 1997, Kranitz, on behalf of JEL and Liss, filed a Form D and private placement memorandum for the Volume Focus Fund LP.

14. The staff informed Kranitz and attorneys for Liss that the staff believed the failure of the Volume private placement memorandum to disclose the Division's pending investigation of JEL and Liss, who were the marketing agent and an officer respectively, was fraud, especially in light of discussions for a previous securities offering marketed by JEL and involving Liss where the staff had required language about the investigation in their offering document.

15. On November 28, 1998, the Division issued orders of Censure and Prohibition against Liss and JEL that required Liss and JEL to hire various personnel to improve JEL's compliance program (the "November 1998 Order").

16. The November 1998 Order was based on allegations of, among other items:

a. numerous serious securities regulatory compliance deficiencies;
b. failure to supervise agents; and
c. securities registration violations involving the late filing of Form D for numerous offerings, which therefore failed to qualify for exemption status under sec. 551.23(19), Wis. Stats..

17. During the negotiations that led up to the November 1998 Order, Liss assured the Division that the firm was taking steps to correct its compliance problems.

18. On February 2, 2000, the staff made an unannounced visit to JEL to determine if sufficient compliance procedures had been implemented.

19. On February 9, 2000, EZ applied to the United States Securities and Exchange Commission ("SEC") to become licensed as a broker-dealer and with the National Association of Securities Dealers ("NASD") to become a member.

20. On February 10, 2000 EZ applied to the State of Wisconsin Division of Securities to become licensed as a broker-dealer

21. On March 6, 2000 Liss, Scott, Carol Liss and others met with the staff of the Division to discuss the staff's examination findings that there were still insufficient compliance procedures in place. The firm was informed that if procedures were not in place by June 30, 2000 the staff would recommend that the firm's license be revoked.

22. In response to a request from Robert Phillip, Krantz's law partner, in connection with EZ's broker-dealer application with Wisconsin, on March 22, 2000, an examiner with the Division informed him by letter that, "J.E. Liss and Company and the Division are in the process of negotiating a settlement involving a prior action taken by this office. Until a settlement has been agreed to by all parties, EZ Stock.Com's [sic] application will remain in a pending status."

23. In meetings and conversations with agents of Liss during April and May of 2000 the staff repeated that there would be no action on any additional lines of business for JEL, which included the EZ application, until the staff was satisfied that JEL had an adequate compliance program in place.

24. The staff informed agents of Liss during April and May of 2000 that they would not be satisfied until the staff had performed at least one additional exam at some time after the new procedures were in place.

25. Upon information and belief, Liss was informed by the agent of these conversations and the staff's position on EZ's filing.

26. On May 25, 2000, EZ sent the NASD an amendment to its application, in which it changed its officers and directors and moved its principal place of business from Wisconsin to Illinois.

27. Upon information and belief, the new Liss compliance procedures were not in place until June 30, 2000.

COUNT 1-UNTRUE STATEMENTS OF FACTS

28. The PPM and the Supplements contain the following untrue statements of material facts:

a. Page 4 of the PPM states that EZ "has applied for recognition as a broker-dealer firm with the United States Securities and Exchange Commission, and the State of Wisconsin, and for membership in the National Association of Securities Dealers, Inc."

b. Page 7 of the PPM states that, "An application is pending to grant EZ stocks, Inc. its license as a broker-dealer."

c. Page 44 of the PPM states that, "The company has a wholly-owned subsidiary, EZ Stocks, Inc. a Wisconsin corporation, which has applied for registration as a broker-dealer firm, and as a member of the National Association of Securities Dealers, Inc."

29. By stating that EZ had already applied to the SEC, NASD and State of Wisconsin to be a broker-dealer prior to December 1999, when EZ did not apply until February 2000, Respondent made untrue statements of a material fact in violation of sec. 551.41(2), Wis. Stats..

COUNT 2-UNTRUE STATEMENTS OF MATERIAL FACTS

30. The PPM and the Supplements also contain the following untrue statements of material facts:

a. Page 38 of the PPM states that, "EZ Stocks.com Securities has applied to be registered as a broker-dealer with the SEC."

b. Page 39 of the PPM states that "EZ Stocks.com expects to be a member of SIPC."

31. The staff believes that all references on pages 38 and 39 of the PPM to EZ Stocks.com Securities and EZ. Stocks.com should be to EZ.

32. To the extent that the statements on pages 38 and 39 refer to EZ, Respondent made untrue statements of a material fact in violation of sec. 551.41(2), Wis. Stats.,

33. To the extent that the statements on pages 38 and 39 do not refer to EZ Respondent made untrue statements of a material fact in violation of sec. 551.41(2) Wis. Stats., because EZ Stocks.com Securities does not exist and EZ Stocks.com is not the broker-dealer.

COUNT 3-UNTRUE STATEMENTS OF MATERIAL FACTS

34. According to the PPM, EZ.com's only asset is its shares of EZ.

35. Page 48 of the PPM states that all shares of EZ that are currently issued and outstanding, are owned by the Company and that, "It has no plans to issue further shares to anyone".

36. According to EZ's February 9, 2000 filing with the NASD, on the day the PPM was dated for use (December 1, 1999), four insiders, Ian J. Scott, William B. Fazio, Liss, and Carol A. Liss each individually owned shares of EZ, such ownership totaling approximately 25% of EZ's shares.

37. The statements of stock ownership of EZ made by the Respondent are untrue statements of a material fact in violation of sec. 551.41(2), Wis. Stats.

COUNT 4-OMISSIONS OF MATERIAL FACTS

38. Page 42 of the PPM provides an extensive description of Liss's professional background in the securities area, without any mention of the November 1998 Order issued against him or the allegations that were the basis for that order.

39. The Respondent's failure to disclose the November 1998 Order is the omission of a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading in violation of sec. 551.41(2), Wis. Stats.

COUNT 5-OMISSIONS OF MATERIAL FACTS

40. In Supplement No. 2 to the PPM, under projected earnings, it states that JEL will direct 400 trades a day to EZ so that it will be profitable from the start.

41. Upon information and belief, because EZ is a brand new firm without any name recognition, without the directed trades from JEL, EZ would have a limited sources of income and face a very competitive market.

42. By making JEL the major, if not only source of revenue for EZ, EZ has now made JEL's regulatory history and future a crucial part of its offering accordingly any action taken, or about to be taken by a regulatory agency, becomes even more significant.

43. The PPM and the Supplements contained no discussion of the November 1998 Orders; the ongoing investigation, or the staff's notification that the EZ broker-dealer application would not be reviewed until both the ongoing investigation was completed, and the staff was assured that all compliance deficiencies had been remedied; or any discussion of the risks of tying EZ's income to the success or failure of JEL.

44. The omission by Respondent of the facts and information above constitutes Respondent's omission to state material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading in violation of sec. 551.41(2), Wis. Stats.

COUNT 6-OMISSSIONS OF MATERIAL FACTS

45. The PPM also contained an extensive discussion of EZ's plans to become a self-clearing broker-dealer.

46. As the PPM states, such an endeavor requires significantly more compliance effort and procedures than for a non-self clearing broker-dealer such as JEL or EZ.

47. Given that JEL had been cited for compliance problems in November, 1998 and that it was still being investigated for compliance problems at the time the PPM was used to make offers and sales, any discussion in the PPM of self-clearing should have included a discussion of Liss's and JEL's prior and on-going regulatory problems and what effect that would have on EZ's ability to become self-clearing.

48. The failure to include any discussion of the above facts and information constitutes Respondent's omission to state a material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, in violation of sec. 551.41(2), Wis. Stats.

COUNT 7-SALES OF UNREGISTERED SECURITIES

49. On June 5, 2000, EZ.com filed a Form D, signed on May 10, 2000, with the Division seeking to perfect its status as a federal covered security pursuant to sec. 551.29(2), Wis. Stats.,

50. Pursuant to sec. 551.29(2), Wis. Stats., and DFI-Sec 2.04(2), Wis. Adm. Code, an issuer must file its Form D with the Division within 15 days after the first sale in Wisconsin.

51. Assuming that the first sale of EZ's stock in Wisconsin using the PPM took place prior to the Form D being signed on May 10, 2000, the Form D was filed 26 days after it was signed making it a late filing with the Division so that the federal covered security status of sec. 551.29, Wis. Stats. is not available.

52. Because the securities sold in Wisconsin were sold without qualifying for federal covered status in Wisconsin, the Respondent has violated sec. 551.21, Wis. Stats., by offering and selling unregistered securities in Wisconsin.

COUNT 7-FALSE FILING WITH THE DIVISION OR UNTRUE STATEMENT OF MATERIAL FACT

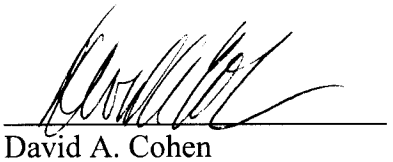
53. In the April 7 Supplement to the PPM, Ian Scott is listed as a director and vice-president of EZ.com, but he is not listed as an officer or director on the Form D

54. The April 7 Supplement to the PPM lists Kranitz as the Secretary, but he is not listed as an officer on the Form D.

55. Because the staff does not have access to EZ.com 's actual corporate records it is unable to determine which parts of the above-referenced statements are incorrect. However, they can not all be true and to that extent either the Respondent has made an untrue statement of a material fact in violation of sec. 551.41(2), Wis. Stats or it has made a false filing with the Division in violation of sec. 551.54, Wis. Stats..

THEREFORE, the staff of the Enforcement Unit petition the Administrator, in the public interest and for the protection of investors, for the issuance of the attached Order.

DATED this 13th day of July, 2000.



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