

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

In the Matter of
THE DVD EXPRESS.COM LLC, FRANKLIN
CAPITAL MANAGEMENT COMPANY,
NICHOLAS TAYLOR, ROBERT CAPRI, and
MIKE FOSTER,

PETITION FOR ORDER

Respondents.

File No. S-00149(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:

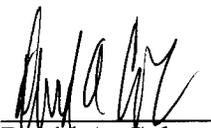
1. The DVD Express.com LLC ("DVD") is a foreign business entity with a last known business address of 53 Broad Street, Suite 303, Plattsburgh, New York 12901.
2. Franklin Capital Management Company ("Franklin") is a foreign business entity with a last known business address of 5115 Trans Island, Montreal, Quebec, Canada, H3W 2Z51.
3. Nicholas Taylor ("Taylor") is an individual who at all times material hereto has been the Chief Executive Officer of DVD, with a last known business address at that of DVD.
4. Robert Capri ("Capri") is an individual who at all times material hereto has been an owner, officer and controlling person of Franklin, with a last known business address at that of Franklin.
5. Mike Foster ("Foster") is an individual who at all times material hereto has been an agent of Capri and Franklin, with a last known business address at that of Franklin.
6. During the period of June 2000, Foster, on behalf of DVD, Taylor, Capri and Franklin, offered to at least one person in Wisconsin interests in units of DVD in the amount of \$10,000 per unit, with an aggregate of 98 units.
7. Pursuant to the offering materials received by persons in Wisconsin, the business of DVD is to create, maintain and promote a web site to sell digital video disks.
8. Pursuant to the offering materials received by persons in Wisconsin, DVD will pay estimated sales commissions of 12%, and marketing fees of 12%, of the capital contributions of the investors.
9. Pursuant to the offering materials received by persons in Wisconsin, the business of DVD will be managed by an Interim Manager named Taylor Management Consulting.
10. Upon information and belief, investors can play a passive role in the company with no duties and responsibilities.
11. 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 interests offered 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.

12. The DVD investment contracts have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.
13. All Respondents have violated sec. 551.21(1), Wis. Stats., by offering unregistered securities in Wisconsin.
14. In connection with the offers of the securities described above, Franklin and Capri transacted business in Wisconsin as a "broker-dealer," as that term is defined by sec. 551.02(3), Wis. Stats.
15. At no time has Franklin been licensed as a securities broker-dealer pursuant to Ch. 551, Wis. Stats.
16. Respondent Franklin has violated sec. 551.31(1), Wis. Stats., by transacting business in Wisconsin as a broker-dealer without a license.
17. In connection with the offers of the securities described above, Foster transacted business in Wisconsin as an "agent" for Franklin and Capri, as that term is defined by sec. 551.02(2), Wis. Stats.
18. At no time has Foster been licensed as a securities agent pursuant to Ch. 551, Wis. Stats.
19. Foster has violated sec. 551.31(1), Wis. Stats., by transacting business in Wisconsin as a securities agent without a license.
20. Franklin and Capri have violated sec. 551.31(2), Wis. Stats., by employing an unlicensed agent to represent them in Wisconsin.
21. On March 22, 2000, the State of Pennsylvania Securities Commission issued a Summary Order to Cease and Desist against DVD and Taylor to halt the offer and sale of unregistered securities of DVD in Pennsylvania.
22. On May 11, 2001, the State of Illinois Securities Department issued an Order of Prohibition against Franklin and Capri, based on allegations of securities law violations.

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.

 6/26/01

Susan A. Kittel Moore Date
Enforcement Unit

 6/27/01

David A. Cohen Date
Supervising Attorney
Enforcement Unit