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

In the Matter of
JOHN T. MATTHIAS and
MANUFACTURERS MONEY BOARD, INC.

Respondents.

PETITION FOR ORDER

File No.S-98176(FX)

The staff of the Enforcement Unit, Bureau of Registration & Enforcement, Division of Securities, Department of Financial Institutions, State of Wisconsin has conducted an investigation in this matter pursuant to sec. 551.56 and 553.55, Wis. Stats., and as a result thereof alleges as follows:

1. John T. Matthias ("Matthias") is an adult individual with a last known business address at 1550 East 79th Street, Suite 155, Minneapolis, MN 55425-1197 and a last known residence address at 3676 118th Lane, Coon Rapids, MN 55433;

2. Manufacturers Money Board, Inc. ("MMB") is a foreign business entity with a last known address at 1550 East 79th Street, Suite 155, Minneapolis, MN 55425-1197;

3. At all times material hereto, Matthias has been President and controlling person of MMB;

4. At all times material hereto, MMB was in the business of selling electronic coupon boards to be placed in supermarkets;

5. From at least October to December 1997, agents, on behalf of Matthias and MMB, sold investments of MMB to persons in Wisconsin;

6. According to the MMB offering documents received by the persons in Wisconsin:
   a. The purchaser pays a $2000 deposit towards the full price of $14,950,
   b. MMB provides training, direction, and assistance in marketing and operating the board,
   c. The board has the words "Manufacturer's Money Board," written on it,
   d. MMB receives a fee from the product manufacturer for the placement and use of the coupons,
   e. MMB contacts the supermarkets to procure the space to place the boards,
   f. MMB contacts the product manufacturer to obtain the coupons, and
   g. MMB guarantees a return of $900 a week per board for the first 6 months the board is in operation;

7. Because the investment sold by MMB has a marketing plan or system prescribed or suggested in substantial part by MMB; the business will be substantially associated with the MMB's trademark or trade name; and there is a payment, either directly or indirectly, of a fee, it is a franchise as that term is defined in sec. 553.03, Wis. Stats.;

8. The MMB franchise has never been registered pursuant to Ch. 553, Wis. Stats., for sale in Wisconsin;

9. MMB and Matthias have violated sec. 553.21, Wis. Stats. by selling unregistered franchises in Wisconsin;

10. Because MMB contacts the supermarkets to procure the space to place the boards, contacts the product manufacturer to obtain the coupons, and guarantees a return of $900 a week per board for the first 6 months the board is in operation, the MMB investment is also an investment in a common enterprise with the expectation of profit to be derived through the essential managerial efforts of someone other than the investor;

11. The MMB investment is an "investment contract security" as defined by DFI-Sec. 1.02(6)(a), Wis. Adm. Code and a security as defined by sec. 551.02(13), Wis. Stats.;

12. The MMB security was never registered pursuant to Ch. 551, Wis. Stats., for offer or sale in Wisconsin;

13. By offering and selling unregistered securities in Wisconsin, MMB and Matthias have violated sec. 551.21, Wis. Stats.,

14. The MMB agents were never licensed to sell securities in the State of Wisconsin pursuant to Ch. 551, Wis. Stats.,

15. MMB and Matthias have violated sec. 551.31(2), Wis. Stats., by employing unlicensed agents to represent them in the State of Wisconsin;

16. In March 1982, Matthias formed Linco Check Corporation ("Linco") and from at least September 1983 to February 1984 raised over $24,000 from investors in Wisconsin;

17. By the fall of 1984, Linco was insolvent and was being sued by numerous creditors for unpaid bills;

18. In September 1984, Matthias formed Emic National Corporation ("Emic") and from October 1984 until May 1985 raised at least $30,000 from investors in Wisconsin;

19. By September 1985, Emic was getting ready to file a petition in bankruptcy court and was being sued by numerous creditors for unpaid bills;

20. In September 1985, Matthias formed Emergency Data Card Systems National Corp. ("EDC");

21. By June of 1987 EDC was out of business and being sued my numerous creditors for unpaid bills;

22. During 1991 or 1992 Matthias formed and entity known as "Selective System," ("Selective") which was never incorporated;

23. By 1993, Selective was out of business and the subject of several civil suits filed by DIHLR for nonpayment of wages;

24. In July 1996, the WI Department of Revenue filed two delinquent tax warrants against Matthias for tax years 1991 and 1993 and the total amount owed, with interest was approximately $22,000;

25. In June 1994, Matthias formed Product Insight of America, Inc. ("Product Insight");

26. By late 1994, Product Insight was out of business and being sued by numerous creditors for the non-payment of bills;

27. Upon information and belief, most, if not all, the above-referenced judgements are still outstanding;

28. None of the franchise purchasers were informed of Matthias' previous history of business failure or of the outstanding judgements against him;

29. MMB and Matthias's failure to inform the franchise purchasers of his business history is the omission to state 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. 553.41(3), Wis. Stats.;

30. None of the securities investors were informed of Matthias' previous history of business failure or of the outstanding judgements against him;

31. MMB and Matthias's failure to inform the securities investors of his business history is the omission to state 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.;

32. On September 27, 1988, the Wisconsin Office of the Commissioner of Securities issued a Consent Order of Prohibition and Revocation of Exemptions against Matthias, Linco, and Emic;

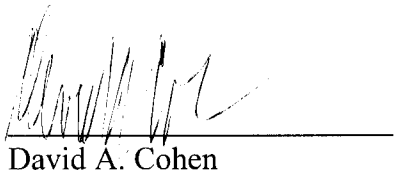
33. The Wisconsin Order alleged that Matthias had sold shares of Emic without telling investors that Linco had become insolvent within a year prior to the EMIC offer and was still insolvent at the time of the Emic offering, in violation of sec. 551.41, Wis. Stats.;

34. MMB and Matthias's failure to inform the securities investors of Matthias's Wisconsin Order is the omission to state 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.

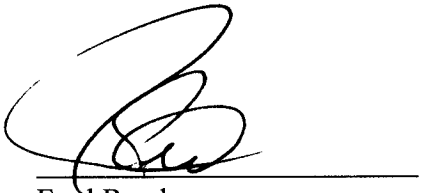
35. On July 30, 1998, the Minnesota Department of Commerce entered a summary Cease and Desist Order and Notice of Right of Hearing (the "Minnesota Order") against MMB alleging that MMB was operating as an unregistered franchise;

THEREFORE, the staff of the Enforcement Unit petitions the administrator for the issuance of the attached Order.

DATED this 6th day of March, 2001.



David A. Cohen
Supervising Attorney
Enforcement Unit



Fred Reed
Examiner
Enforcement Unit