

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

In the Matter of
E.A.S., INC.,
JOHN NICHOLS, and
MIKE CARR,

PETITION FOR ORDER

Respondents.

File No. S-01230(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. E.A.S., Inc. (hereinafter referred to as "EAS") is a foreign business entity with a last known business addresses of 2501 E. Chapman Avenue #100, Fullerton, California 92831, and 5836 S. Pecos, Las Vegas, Nevada 89120;
2. John Nichols (hereinafter referred to as "Nichols") is an individual who at all times material hereto has been the president of EAS, with a last known business address at that of EAS;
3. Mike Carr (hereinafter referred to as "Carr") is an individual who at all times material hereto has been an agent of EAS and Nichols, with a last known business address at that of EAS;
4. During the period of 2000 and 2001, Carr on behalf of EAS and Nichols, offered and sold to at least one person in Wisconsin interests in five corporate notes of EAS;
5. Pursuant to the offering materials received by persons in Wisconsin, EAS will engage in the business of operating electronic advertising for merchants nationwide;
6. Upon information and belief, investors can play a passive role in the company with no duties and responsibilities;
7. Upon information and belief, each investor will not be involved in the day-to-day management of EAS, since there are too many investors for them to each have any meaningful input, and they do not have the expertise or experience necessary to perform its duties;
8. 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 "corporate notes" offered and sold 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.;
9. The EAS investment contracts have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.;
10. All Respondents have violated sec. 551.21(1), Wis. Stats., by offering unregistered securities in Wisconsin;

