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

In the Matter of INDIANAPOLIS SECURITIES, INC., Respondent.	PETITION FOR ORDER OF REVOCATION OF BROKER-DEALER LICENSE (SUMMARY) File No. S-03214(LX)

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

1. Indianapolis Securities, Inc. ("Indianapolis") is an Indiana corporation with a last known business address of 139 North Central Avenue, Suite 4, Valley Stream, New York 11580. It is a licensed broker-dealer in Wisconsin (CRD # 10399).

2. Discover Capital Holdings Corporation ("Discover Capital") is a Delaware corporation which owns 100 % of Indianapolis and has been a controlling person of Indianapolis at all relevant times. Its last known business address was 110 Jericho Turnpike, Suite 103, Floral Park, New York 11001.

3. Eli Dinov ("E. Dinov") (CRD # 2633778) is an individual who at all times material hereto has been President and majority shareholder of Discover Capital, with a last known business address of 110 Jericho Turnpike, Suite 103, Floral Park, New York 11001.

4. Ari Dinov ("A. Dinov") (CRD# 2632408) is an individual who at all times material hereto has been a registered securities principal, secretary and treasurer of Indianapolis, with a last known business address of 139 North Central Avenue, Suite 4, Valley Stream, New York 11580.

5. Beginning in the fall of 2002, Indianapolis, through several of its agents, including but not limited to A. Dinov, John Buonocore, Roberto Knight, John Wong, Michael Berteletti, Eric Axel and Luis Sosa, offered shares of Discover Capital and other securities to several persons in Wisconsin.

6. The persons in Wisconsin referred to above had no pre-existing relationship with the Respondent or its agents.

7. A. Dinov and others held a seminar in Green Bay, Wisconsin on behalf of Indianapolis to pitch the offering of preferred stock in Discover Capital to Wisconsin investors.

8. Indianapolis, through its agents, also sold promissory notes to Wisconsin investors. These promissory notes were investment contracts as defined by Wis. Admin. Code DFI-Sec. § 1.02(6).

9. The shares of preferred and common stock in Discover Capital offered to Wisconsin investors through Indianapolis and its agents are securities as defined by § 551.02(13),

Wis. Stats., and the offers of these shares were not registered as required by § 551.21, Wis. Stats.

10. In connection with the offers of the securities described above, A. Dinov, John Wong and Joseph Hananiya transacted business in Wisconsin as an "agent" for Indianapolis, as that term is defined by § 551.02(2), Wis. Stats.

11. At all times material, John Wong and Joseph Hananiya were not licensed as securities agents pursuant to Ch. 551, Wis. Stats.

12. Indianapolis has:

    a) Executed orders for the purchase by a customer of securities not registered under §§ 551.25 and 551.26, Wis. Stats.;

    b) Recommended to a customer that the customer engage the services of an investment adviser, broker-dealer, or agent not licensed under Ch. 551, Wis. Stats.,;

    c) Recommended to a customer the purchase, sale or exchange of a security without reasonable grounds to believe the recommendation is suitable for the customer on the basis of information furnished by the customer after reasonable inquiry concerning the customer's investment objectives, financial situation and needs, and any other information known by the broker-dealer;

    d) Executed a transaction on behalf of a customer without authority to do so;

    e) Executed discretionary power in effecting a transaction for a customer's account without first obtaining written discretionary authority from the customer;

    f) Violated rules of a securities exchange or national securities association of which it is a member with respect to any customer, transaction or business in this state;

    g) Failed to reasonably supervise agents to assure their compliance with Ch. 551, Wis. Stats.;

    h) Made material misrepresentation to and withheld or concealed material facts from the Division, and refused to furnish information reasonably requested by the Division;

    i) Caused unreasonable delay in the transmitting of customer orders for execution, the delivery of securities purchased by any of its customers, the payment upon request of free credit balances reflecting completed transactions of any of its customers, or the transfer of a customer's account securities positions and balances to another broker-dealer.

13. The actions described in the preceding paragraph are deemed to be "dishonest and unethical practices" or "taking unfair advantage of a customer" pursuant to Wis. Admin. Code DFI-Sec. § 4.06.

14. Indianapolis has:

    a) Telephonically or electronically solicited persons in this state after they have requested that they not be telephoned;

b) Made repeated telephone or electronic solicitations in an annoying, abusive or harassing manner;

c) Used threats, intimidation or obscene language in connection with securities recommendations, transactions or other brokerage account activities;

15. The offering materials for the Discover Capital offering contained material misrepresentations of fact, such as that preferred shares of Discover Capital would trade at $8-$30 per share within months to a year, and its common stock would trade at $8-$12 per share within months to a year; that shares of Discover Capital would be listed on NASDAQ within months; and that Discover Capital would be merging with multi-million-dollar companies.

16. The offering materials for the Discover Capital offering failed to disclose material facts, such as that Discover Capital had a limited operating history, negative cash flow, and substantial deficit; that Eli Dinov had been disciplined by the SEC; that a principal consultant used by Discover Capital, David Rubinov, had been enjoined by the SEC from violating the antifraud provisions of the securities laws and had been barred by the SEC from association with any broker-dealer; that the price of the shares in Discover Capital were being manipulated by Rubinov, the Dinovs, and others.

17. Upon information and belief, the Respondent Indianapolis Securities, Inc. has ceased doing business as a broker-dealer, which is a ground for revocation of its license pursuant to § 551.34(5);

Therefore, the staff of the Bureau of Registration & Enforcement and Bureau of Licensing and Compliance petitions the Administrator of the Division of Securities for the issuance of the attached Order pursuant to § 551.34(5), Wis. Stats.

Nancy R. Jackson 10/21/03
Nancy R. Jackson Date
Securities Examiner
Bureau of Licensing & Compliance

Leslie M. Van Buskirk 10/27/03
Leslie M. Van Buskirk Date
Staff Attorney
Bureau of Registration & Enforcement