

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

In the Matter of
HALO ENTERPRISES, INC.,
E-MEDIA ADVERTISING, INC.
DALE E. MERRITT, JR.,
KYLE J. SANFORD,
J.R. BAGGS,
PATRICIA CADWALLADER,
S. ELEX DOWE,
KIM E. DOWNS
JEFF FARMER,
TOM FLUKE,
ALICIA GODINEZ,
DETA HAMPSCH,
JAMES L. HANEMAAAYER,
CHUCK JACOBSON,
JOHN T. JOHNSON,
RYAN JOHNSON,
BURT KEES,
CANDISE LACHANCE,
DEANNA LAWRENCE,
MARK MARTIN,
JAD MORRIS,
KATHRYN OWCZARZAK,
J. PHELPS,
VANESSA RADIS,
JAMES RAY,
BOB RIESER,
JOSH SESSIONS,
BRUCE SNYDER,
SUE SOTO,
JIM STEVENSON,
ROBERT SUCHECKI,
T.J. TRAVERS,
MARY ELLEN WILLIAMS,
PAUL WILLIAMS,
TIM WOODS, and
TIM YARBERRY,

PETITION FOR ORDER

Respondents.

File No. S-03193(EX)

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

1. Halo Enterprises, Inc. is a business entity with a last known address at 10040 N. 25th Avenue, Suite 111, Phoenix, Arizona 85021;
2. E-Media Advertising, Inc. is a business entity incorporated in the State of Arizona with a last known business address of 10210 N. 25th Avenue, #150, Phoenix, Arizona 85021;

3. Upon information and belief, Dale E. Merritt, Jr. ("Merritt") is an individual, with a date of birth of September 2, 1962, who at all times material hereto has been an owner, officer and/or controlling person of Halo Enterprises, Inc. and E-Media Advertising, Inc., with a last known home address at that of 6233 W. Behrend Drive, #2061, Glendale, Arizona 85308;
4. Upon information and belief, Kyle J. Sanford ("Sanford") is an individual with a date of birth of March 20, 1967, who at all times material hereto has been an owner, officer and/or controlling person of Halo Enterprises, Inc. and E-Media Advertising, Inc., with a last known home address at that of 17403 N. Chance Drive, Surprise, Arizona 85374;
5. Upon information and belief, J.R. Baggs is an individual who at all times material hereto has been an agent of Halo Enterprises, Inc. and E-Media Advertising, Inc., Merritt and Sanford, with a last known business address at that of Halo Enterprises, Inc. and E-Media Advertising, Inc.;
6. Upon information and belief, Patricia Cadwallader is an individual who at all times material hereto has been an agent of Halo Enterprises, Inc. and E-Media Advertising, Inc., Merritt and Sanford, with a last known business address at that of Halo Enterprises, Inc. and E-Media Advertising, Inc.;
7. Upon information and belief, S. Elex Dowe is an individual who at all times material hereto has been an agent of Halo Enterprises, Inc. and E-Media Advertising, Inc., Merritt and Sanford, with a last known business address at that of Halo Enterprises, Inc. and E-Media Advertising, Inc.;
8. Upon information and belief, Kim E. Downs is an individual who at all times material hereto has been an agent of Halo Enterprises, Inc. and E-Media Advertising, Inc., Merritt and Sanford, with a last known business address at that of Halo Enterprises, Inc. and E-Media Advertising, Inc.;
9. Upon information and belief, Jeff Farmer is an individual who at all times material hereto has been an agent of Halo Enterprises, Inc. and E-Media Advertising, Inc., Merritt and Sanford, with a last known business address at that of Halo Enterprises, Inc. and E-Media Advertising, Inc.;
10. Upon information and belief, Tom Fluke is an individual who at all times material hereto has been an agent of Halo Enterprises, Inc. and E-Media Advertising, Inc., Merritt and Sanford, with a last known business address at that of Halo Enterprises, Inc. and E-Media Advertising, Inc.;
11. Upon information and belief, Alicia Godinez is an individual who at all times material hereto has been an agent of Halo Enterprises, Inc. and E-Media Advertising, Inc., Merritt and Sanford, with a last known business address at that of Halo Enterprises, Inc. and E-Media Advertising, Inc.;
12. Upon information and belief, Deta Hampsch is an individual who at all times material hereto has been an agent of Halo Enterprises, Inc. and E-Media Advertising, Inc., Merritt and Sanford, with a last known business address at that of Halo Enterprises, Inc. and E-Media Advertising, Inc.;
13. Upon information and belief, James L. Hanemaayer is an individual who at all times material hereto has been an agent of Halo Enterprises, Inc. and E-Media Advertising, Inc., Merritt and Sanford, with a last known business address at that of Halo Enterprises, Inc. and E-Media Advertising, Inc.;

14. Upon information and belief, Chuck Jacobson is an individual who at all times material hereto has been an agent of Halo Enterprises, Inc. and E-Media Advertising, Inc., Merritt and Sanford, with a last known business address at that of Halo Enterprises, Inc. and E-Media Advertising, Inc.;
15. Upon information and belief, John T. Johnson is an individual who at all times material hereto has been an agent of Halo Enterprises, Inc. and E-Media Advertising, Inc., Merritt and Sanford, with a last known business address at that of Halo Enterprises, Inc. and E-Media Advertising, Inc.;
16. Upon information and belief, Ryan Johnson is an individual who at all times material hereto has been an agent of Halo Enterprises, Inc. and E-Media Advertising, Inc., Merritt and Sanford, with a last known business address at that of Halo Enterprises, Inc. and E-Media Advertising, Inc.;
17. Upon information and belief, Burt Kees is an individual who at all times material hereto has been an agent of Halo Enterprises, Inc. and E-Media Advertising, Inc., Merritt and Sanford, with a last known business address at that of Halo Enterprises, Inc. and E-Media Advertising, Inc.;
18. Upon information and belief, Candace LaChance is an individual who at all times material hereto has been an agent of Halo Enterprises, Inc. and E-Media Advertising, Inc., Merritt and Sanford, with a last known business address at that of Halo Enterprises, Inc. and E-Media Advertising, Inc.;
19. Upon information and belief, Deanna Lawrence is an individual who at all times material hereto has been an agent of Halo Enterprises, Inc. and E-Media Advertising, Inc., Merritt and Sanford, with a last known business address at that of Halo Enterprises, Inc. and E-Media Advertising, Inc.;
20. Upon information and belief, Mark Martin is an individual who at all times material hereto has been an agent of Halo Enterprises, Inc. and E-Media Advertising, Inc., Merritt and Sanford, with a last known business address at that of Halo Enterprises, Inc. and E-Media Advertising, Inc.;
21. Upon information and belief, Jad Morris is an individual who at all times material hereto has been an agent of Halo Enterprises, Inc. and E-Media Advertising, Inc., Merritt and Sanford, with a last known business address at that of Halo Enterprises, Inc. and E-Media Advertising, Inc.;
22. Upon information and belief, Kathryn Owczarzak is an individual who at all times material hereto has been an agent of Halo Enterprises, Inc. and E-Media Advertising, Inc., Merritt and Sanford, with a last known business address at that of Halo Enterprises, Inc. and E-Media Advertising, Inc.;
23. Upon information and belief, J. Phelps is an individual who at all times material hereto has been an agent of Halo Enterprises, Inc. and E-Media Advertising, Inc., Merritt and Sanford, with a last known business address at that of Halo Enterprises, Inc. and E-Media Advertising, Inc.;
24. Upon information and belief, Vanessa Radis is an individual who at all times material hereto has been an agent of Halo Enterprises, Inc. and E-Media Advertising, Inc., Merritt and Sanford, with a last known business address at that of Halo Enterprises, Inc. and E-Media Advertising, Inc.;

25. Upon information and belief, James Ray is an individual who at all times material hereto has been an agent of Halo Enterprises, Inc. and E-Media Advertising, Inc., Merritt and Sanford, with a last known business address at that of Halo Enterprises, Inc. and E-Media Advertising, Inc.;
26. Upon information and belief, Bob Reiser is an individual who at all times material hereto has been an agent of Halo Enterprises, Inc. and E-Media Advertising, Inc., Merritt and Sanford, with a last known business address at that of Halo Enterprises, Inc. and E-Media Advertising, Inc.;
27. Upon information and belief, Josh Sessions is an individual who at all times material hereto has been an agent of Halo Enterprises, Inc. and E-Media Advertising, Inc., Merritt and Sanford, with a last known business address at that of Halo Enterprises, Inc. and E-Media Advertising, Inc.;
28. Upon information and belief, Bruce Snyder is an individual who at all times material hereto has been an agent of Halo Enterprises, Inc. and E-Media Advertising, Inc., Merritt and Sanford, with a last known business address at that of Halo Enterprises, Inc. and E-Media Advertising, Inc.;
29. Upon information and belief, Sue Soto is an individual who at all times material hereto has been an agent of Halo Enterprises, Inc. and E-Media Advertising, Inc., Merritt and Sanford, with a last known business address at that of Halo Enterprises, Inc. and E-Media Advertising, Inc.;
30. Upon information and belief, Jim Stevenson is an individual who at all times material hereto has been an agent of Halo Enterprises, Inc. and E-Media Advertising, Inc., Merritt and Sanford, with a last known business address at that of Halo Enterprises, Inc. and E-Media Advertising, Inc.;
31. Upon information and belief, Robert Suchecki is an individual who at all times material hereto has been an agent of Halo Enterprises, Inc. and E-Media Advertising, Inc., Merritt and Sanford, with a last known business address at that of Halo Enterprises, Inc. and E-Media Advertising, Inc.;
31. Upon information and belief, T.J. Travers is an individual who at all times material hereto has been an agent of Halo Enterprises, Inc. and E-Media Advertising, Inc., Merritt and Sanford, with a last known business address at that of Halo Enterprises, Inc. and E-Media Advertising, Inc.;
32. Upon information and belief, Mary Ellen Williams is an individual who at all times material hereto has been an agent of Halo Enterprises, Inc. and E-Media Advertising, Inc., Merritt and Sanford, with a last known business address at that of Halo Enterprises, Inc. and E-Media Advertising, Inc.;
33. Upon information and belief, Paul Williams is an individual who at all times material hereto has been an agent of Halo Enterprises, Inc. and E-Media Advertising, Inc., Merritt and Sanford, with a last known business address at that of Halo Enterprises, Inc. and E-Media Advertising, Inc.;
34. Upon information and belief, Tim Woods is an individual who at all times material hereto has been an agent of Halo Enterprises, Inc. and E-Media Advertising, Inc., Merritt and Sanford, with a last known business address at that of Halo Enterprises, Inc. and E-Media Advertising, Inc.;

35. Upon information and belief, Tim Yarberry is an individual who at all times material hereto has been an agent of Halo Enterprises, Inc. and E-Media Advertising, Inc., Merritt and Sanford, with a last known business address at that of Halo Enterprises, Inc. and E-Media Advertising, Inc.;

36. During the period of 2003, J.R. Baggs, Patricia Cadwallader, S. Elex Dowe, Kim E. Downs, Jeff Farmer, Tom Fluke, Alicia Godinez, Deta Hampsch, James L. Hanemaayer, Chuck Jacobson, John T. Johnson, Ryan Johnson, Burt Kees, Candise LaChance, Deanna Lawrence, Mark Martin, Jad Morris, Kathryn Owczarzak, J. Phelps, Vanessa Radis, James Ray, Bob Rieser, Josh Sessions, Bruce Snyder, Sue Soto, Jim Stevenson, Robert Suchecki, T.J. Travers, Mary Ellen Williams, Paul Williams, Tim Woods, and Tim Yarberry, on behalf of Halo Enterprises, Inc. and E-Media Advertising, Inc., Merritt and Sanford offered and sold to at least 30 persons in Wisconsin interests in a website business established and operated by Halo Enterprises, Inc., with consulting, programs and techniques of advertising provided by E-Media Advertising, Inc., for the persons in Wisconsin;

37. Upon information and belief, Halo Enterprises, Inc., in conjunction with E-Media Advertising, Inc., offered and sold "internet malls" to investors;

38. Upon information and belief, the investors were informed that the only way to make a profit on the internet malls was to advertise using the media packages sold by E-Media Advertising, Inc.;

39. Upon information and belief, investors can play a passive role in the establishment and operation of the website business, with no duties and responsibilities;

40. According to a statement of one of the investors to staff of the Division of Securities, investors rely on Halo Enterprises, Inc. and E-Media Advertising, Inc., for the activities relating to the establishment and operation of the website business;

41. Upon information and belief, each investor will not be involved in the day-to-day operation and/or management of the website, since they do not have the expertise or experience necessary to perform its duties;

42. 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 in the website business 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.

43. The investment contracts of Halo Enterprises, Inc. and E-Media Advertising, Inc. have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.;

44. All Respondents have violated sec. 551.21(1), Wis. Stats., by offering and selling unregistered securities to persons in Wisconsin;

45. In connection with the offers of the securities described above, J.R. Baggs, Patricia Cadwallader, S. Elex Dowe, Kim E. Downs, Jeff Farmer, Tom Fluke, Alicia Godinez, Deta Hampsch, James L. Hanemaayer, Chuck Jacobson, John T. Johnson, Ryan Johnson, Burt Kees, Candise LaChance, Deanna Lawrence, Mark Martin, Jad Morris, Kathryn Owczarzak, J. Phelps, Vanessa Radis, James Ray, Bob Rieser, Josh Sessions, Bruce Snyder, Sue Soto, Jim Stevenson, Robert Suchecki, T.J. Travers, Mary Ellen Williams, Paul Williams, Tim Woods, and Tim Yarberry transacted business in Wisconsin as an "agent" for Halo Enterprises, Inc. and E-Media Advertising, Inc., Merritt and Sanford, as that term is defined by sec. 551.02(2), Wis. Stats.;

46. At no time has J.R. Baggs, Patricia Cadwallader, S. Elex Dowe, Kim E. Downs, Jeff Farmer, Tom Fluke, Alicia Godinez, Deta Hampsch, James L. Hanemaayer, Chuck Jacobson, John T. Johnson, Ryan Johnson, Burt Kees, Candise LaChance, Deanna Lawrence, Mark Martin, Jad Morris, Kathryn Owczarzak, J. Phelps, Vanessa Radis, James Ray, Bob Rieser, Josh Sessions, Bruce Snyder, Sue Soto, Jim Stevenson, Robert Suchecki, T.J. Travers, Mary Ellen Williams, Paul Williams, Tim Woods, and/or Tim Yarberry been licensed as a securities agent pursuant to Ch. 551, Wis. Stats.;

47. J.R. Baggs, Patricia Cadwallader, S. Elex Dowe, Kim E. Downs, Jeff Farmer, Tom Fluke, Alicia Godinez, Deta Hampsch, James L. Hanemaayer, Chuck Jacobson, John T. Johnson, Ryan Johnson, Burt Kees, Candise LaChance, Deanna Lawrence, Mark Martin, Jad Morris, Kathryn Owczarzak, J. Phelps, Vanessa Radis, James Ray, Bob Rieser, Josh Sessions, Bruce Snyder, Sue Soto, Jim Stevenson, Robert Suchecki, T.J. Travers, Mary Ellen Williams, Paul Williams, Tim Woods, and Tim Yarberry have violated sec. 551.31(1), Wis. Stats., by transacting business in Wisconsin as a securities agent without a license; and

48. Halo Enterprises, Inc., E-Media Advertising, Inc., Merritt and Sanford, have violated sec. 551.31(2), Wis. Stats., by employing unlicensed agents to represent them in Wisconsin;

Therefore, the staff of the Bureau of Registration & Enforcement petitions the Administrator of the Division of Securities for the issuance of the attached Order pursuant to Ch. 551, Wis. Stats.

 6-25-04

Mark E. Dorman Date
Examiner

 7/1/04

David A. Cohen Date
Supervising Attorney