

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

In the Matter of
VERIQUEST, INC.,
VERIQUEST MARKETING STRATEGIES LLC,
CASCADE FUNDS ADMINISTRATION, INC.,
DIVERSIFIED ASSETS LLC, ERIC A. MARCHAND,
ELIZABETH BOZEMAN, MARK BOZEMAN,
GEORGE F. HOLMES, HOWARD W. KRATZ,
ERICK J. ALEXANDER, and LINDA OIKNINE,

PETITION FOR ORDER

Respondent.

File No. S-03069(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. Veriquest, Inc. ("Veriquest") is a Nevada business entity with a last known business address of AAA Business Services of Nevada, Inc. dba Nevada Business Services, 675 Fairview Dr., #246, Carson City, NV 89701.
2. Veriquest Marketing Strategies LLC ("VMSLLC") is a foreign business entity with a last known business address of 14928 Casey Rd., Tampa, FL 33624.
3. Cascade Funds Administration, Inc. ("Cascade") is a Florida corporation with a last known business address of 7143 State Rd. 54, #270, New Port Richey, FL 34653-5104.
4. Diversified Assets LLC ("Diversified") is a foreign business entity with a last known business address of 14 Wall St., 20th Fl., New York, NY 10005.
5. Eric A. Marchand (DOB 3/13/63) ("Marchand") is an individual who at all times material hereto has been a principal and controlling person of Veriquest and VMSLLC, with a last known business address at that of VMSLLC and a last known residence address of 2117 W Ferris Ave., Tampa, FL 33603-2821.
6. Elizabeth Bozeman, ("E. Bozeman") is an individual who at all times material hereto has been a principal and controlling person of Veriquest, with a last known business address at that of Veriquest.
7. Mark Bozeman, ("M. Bozeman") is an individual who at all times material hereto has been a principal and controlling person of Veriquest, with a last known business address at that of Veriquest.
8. George F. Holmes (DOB 4/16/33) ("Holmes") is an individual who at all times material hereto has been a principal and controlling person of Veriquest, with a last known business address at that of Millennium Associates, Inc., 7100 W. Camino Real, Ste. 401, Boca Raton, FL 33433, and a last known residence address of 5321 SW 35th Ct., Ft. Lauderdale, FL 33314.
9. Howard W. Kratz (DOB 10/9/37) ("Kratz") is an individual who at all times material hereto has been the principal and controlling person of Cascade, with a last known business address

at that of Cascade, and a last known residence address of 2224 Sand Bay Dr., Holiday, FL 33314.

10. Erick J. Alexander aka Erick Jean Maire Alexander (CRD # 2110265) (DOB 5/19/55) ("Alexander") is an individual who at all times material hereto has been the President and CEO of Diversified, with a last known business address at that of Diversified and a last known residence address of 62 Seneca Ave, Dix Hills, NY 11746.
11. Linda Oiknine, ("Oiknine") is an individual who at all times material hereto has been an agent of Veriquest, VMSLLC, IPI, Cascade, Diversified, Marchand, E. Bozeman, M. Bozeman, Holmes, Green, Kratz, and Alexander, with a last known business address at that of Diversified.
12. During the period of March 2003, Oiknine, on behalf of Veriquest, VMSLLC, Cascade, Diversified, Marchand, E. Bozeman, M. Bozeman, Holmes, Kratz, and Alexander, offered to at least one person in Wisconsin the opportunity to purchase units of VMSLLC.
13. The person in Wisconsin referred to above had no pre-existing relationship with any of the Respondents.
14. Pursuant to the offering materials received by persons in Wisconsin, the purpose of VMSLLC is to research and develop a variety of sales and marketing strategies designed to enhance and accelerate the revenues generated by Veriquest, Inc.
15. The offering materials of VMSLLC state that "the Company's initial Managing Member is Mr. Eric Marchand, President of Veriquest, Inc."
16. The offering materials of VMSLLC state that 92% of its proceeds will go to Veriquest and 8% for placement fees.
17. Upon information and belief, investors can play a passive role in the company with no duties and responsibilities.
18. Upon information and belief, each investor will not be involved in the day-to-day management of VMSLLC, 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.
19. 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 "units" 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.
20. The VMSLLC units have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.
21. All Respondents have violated sec. 551.21(1), Wis. Stats., by offering unregistered securities in Wisconsin.
22. In connection with the offers of the securities described above, Diversified transacted business in Wisconsin as a "broker-dealer," as that term is defined by sec. 551.02(3), Wis. Stats.
23. At no time has Diversified been licensed as a securities broker-dealer pursuant to Ch. 551, Wis. Stats.

24. Respondent Diversified has violated sec. 551.31(1), Wis. Stats., by transacting business in Wisconsin as a broker-dealer without a license.
25. In connection with the offers of the securities described above, Oiknine transacted business in Wisconsin as an "agent" for Veriquest, VMSLLC, Cascade, Diversified, Marchand, E. Bozeman, M. Bozeman, Holmes, Kratz, and Alexander, as that term is defined by sec. 551.02(2), Wis. Stats.
26. At no time has Oiknine been licensed as a securities agent pursuant to Ch. 551, Wis. Stats.
27. Oiknine has violated sec. 551.31(1), Wis. Stats., by transacting business in Wisconsin as a securities agent without a license.
28. Veriquest, VMSLLC, Cascade, Diversified, Marchand, E. Bozeman, M. Bozeman, Holmes, Kratz, and Alexander have violated sec. 551.31(2), Wis. Stats., by employing an unlicensed agent to represent them in Wisconsin.
29. On 12/17/98, the Division of Securities, issued a Summary Order of Prohibition and Revocation against Millennium and Associates, Inc., of which Holmes is the owner and controlling person, based on allegations of securities law violations, including fraud, in connection its securities-related activities on behalf of Tel Com Plus, Inc.
30. On 12/22/98, the Division of Securities, issued Summary Orders of Prohibition and Revocation against Holmes and Kratz, based on allegations of securities law violations, including fraud, in connection their securities-related activities on behalf of Tel Com Plus, Inc.
31. On 4/23/02, the U.S. Internal Revenue Service filed a Notice of Federal Tax Lien in the Broward County, Florida, Courthouse in Ft. Lauderdale against Holmes and his wife in the amount of \$390,348.08.
32. On 1/24/03, a civil suit was filed in Broward County Circuit Court in Florida against Veriquest Management Company, Inc. and Holmes, as its President and controlling person (Case No. CACE03001546).
33. In connection with the offer of the securities described in Paragraph 12, the Respondents omitted to disclose the actions referred to in Paragraphs 29 through 32.
34. The offering materials of VMSLLC omit to name Holmes, E. Bozeman and M. Bozeman as officers and controlling persons of Veriquest.
35. All Respondents have violated sec. 551.41(2), Wis. Stats., by omitting to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, in connection with the offer and sale of securities to persons in Wisconsin.
36. Veriquest, VMSLLC, Cascade, Marchand, E. Bozeman, M. Bozeman, Holmes, Kratz, Alexander, and Oiknine have violated sec. 551.58, Wis. Stats., by violating the Orders issued by the Division of Securities referred to in Paragraph 29 and 30 above.
37. On April 23, 2003, a judgment was entered in the civil suit referenced in Paragraph 32 above against the defendants in the amount of \$77,006.73.
38. On March 8, 2004, Holmes filed a Chapter 7 bankruptcy petition in the U.S. District Bankruptcy Court for the Southern District of Florida (Case No. 04-21436).

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.

Susan A. Kittel Moore 6/2/09
Susan A. Kittel Moore Date
Securities Examiner
Enforcement Unit

David A. Cohen 6/2/09
David A. Cohen Date
Supervising Attorney
Enforcement Unit