

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

In the Matter of
DISCOVERNET, INC., and
WILLIAM H. GRAY,

Respondents.

PETITION FOR ORDER

File No. S07100(EX)

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

1. DiscoverNet, Inc. ("DiscoverNet") is a business entity incorporated in Wisconsin with a last known business address of 402 Graham Avenue, Suite 320, PO Box 480, Eau Claire, Wisconsin 54701;
 2. William H. Gray ("Gray") is an individual who at all times material hereto has been an owner, officer and/or controlling person of DiscoverNet, with a last known business address at that of DiscoverNet;
 3. During the period of at least July 2007, Gray, on behalf of DiscoverNet, offered securities of the firm on the Internet website of gobignetwork.com;
 4. According to the Internet offering of DiscoverNet:

 "... Posted by: William Gray
 Company: DiscoverNet, Inc.
 Category: Funding Needed
 Location: Eau Claire, WI (United States)
 Post Date: 7/16/2007 4:06:53 PM
- "... The Company is seeking \$2.5 Million to build out a wireless broadband network covering 72 communities within 6 counties comprising of 92,000 homes. Final evaluation of 10,000 subscribers is expected to exceed \$100,000,000. ..."
5. 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 investments 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.;
 6. The DiscoverNet investment contracts have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.; and
 7. The Respondents have violated sec. 551.21(1), Wis. Stats., by offering unregistered securities to persons 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.

Mark E. Dorman 2-1-08

Mark E. Dorman Date
Examiner

David A. Cohen 2/8/08

David A. Cohen Date
Supervising Attorney