

STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES
FIRST NATIONAL CENTER, SUITE 860
120 NORTH ROBINSON
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

Net Direct Marketing
and Paul Angel,

Respondents.

ODS File No. 04-013

NOTICE OF SERVICE ON THE ADMINISTRATOR
AND
AFFIDAVIT OF COMPLIANCE

STATE OF OKLAHOMA)
)
COUNTY OF OKLAHOMA) SS.

The undersigned affiant, of lawful age, being first duly sworn upon oath deposes and states:

1. That he is the Administrator of the Oklahoma Department of Securities (Department).

2. That a copy of the Notice of Opportunity for Hearing (Notice) with Enforcement Division Recommendation (Recommendation) attached was delivered to Affiant in the office of the Administrator pursuant to Section 413(g) of the Oklahoma Securities Act (Act), Okla. Stat. tit. 71, §§ 1-413, 501, 701-703 (2001 & Supp. 2002).

3. That this Affidavit of Compliance shall serve as notice to Net Direct Marketing and Paul Angel (collectively, the "Respondents"), that the Administrator has received service of process on behalf of Respondents, pursuant to Section 413(g) of the Act.

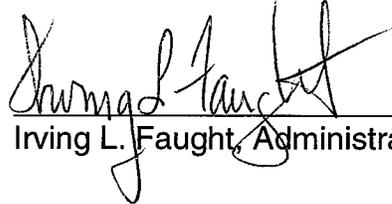
4. That a copy of the Notice, with the Recommendation attached, and a copy of this Affidavit of Compliance are being sent this 28th day of January, 2004, by certified mail, return receipt requested, delivery restricted to addressee, to the last known addresses of Respondents, in compliance with Section 413(g) of the Act.

5. That this Affidavit of Compliance is declared filed of record as of the date set forth below in compliance with Section 413(g) of the Act.

FURTHER AFFIANT SAYETH NOT.

Dated this 28th day of January, 2004.

(SEAL)


Irving L. Faught, Administrator

Subscribed and sworn to before me this 28th day of January, 2004.

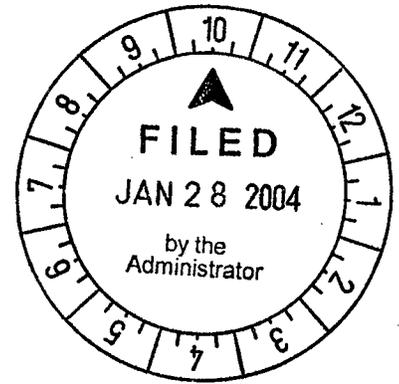
(NOTARY SEAL)


Notary Public

My Commission Expires: August 26, 2005

My Commission Number: 01013792

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ODS File No. 04-013

NOTICE OF OPPORTUNITY FOR HEARING

1. Pursuant to his authority under Section 405 of the Oklahoma Business Opportunity Sales Act (Act), Okla. Stat. tit. 71, §§ 801-829 (2001), the Administrator of the Oklahoma Department of Securities (Department) authorized an investigation into the activities of Net Direct Marketing and Paul Angel (collectively, the "Respondents"), in connection with the offer and/or sale of business opportunities in and/or from the state of Oklahoma.

2. On the 27th day of January, 2004, the attached Enforcement Division Recommendation (Recommendation) was left in the office of the Administrator.

3. Pursuant to Section 406(b) of the Act, the Administrator hereby gives notice to Respondents of their right to request a hearing to show why an order based on the Recommendation should not be issued.

4. The request for a hearing on the Recommendation must be received by the Administrator within fifteen (15) days after service of this Notice. Pursuant to Section 406(b) of the Act, failure to request a hearing as provided for herein shall result in the issuance of an order to cease and desist against Respondents.

5. The request for hearing shall be in writing and Respondents shall specifically admit or deny each allegation in said request as required by 660:2-9-1(c) of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (Rules).

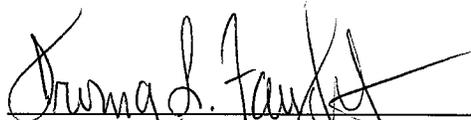
6. Upon receipt of a written request, pursuant to 660:2-9-2 of the Rules, a hearing on this Notice shall be set within sixty (60) days or a written order denying hearing shall be issued.

7. Notice of the date, time and location of the hearing shall be given to Respondents not less than ten (10) days in advance thereof pursuant to 660:2-9-3(a) of

the Rules. Additionally, the notice may contain matters to supplement this Notice and the Recommendation attached hereto.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 28th day of January, 2004.

(SEAL)



IRVING L. FAUGHT, ADMINISTRATOR OF THE
OKLAHOMA DEPARTMENT OF SECURITIES

CERTIFICATE OF MAILING

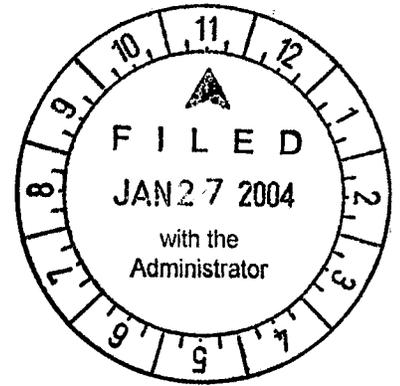
The undersigned hereby certifies that on the 28th day of January, 2004, a true and correct copy of the above and foregoing Notice of Opportunity for Hearing and attached Enforcement Division Recommendation was mailed by certified mail, return receipt requested, delivery restricted, with postage prepaid thereon addressed to:

Net Direct Marketing
3200 N. Hayden Road, Suite 325
Scottsdale, AZ 85251

Mr. Paul Angel
3200 N. Hayden Road, Suite 325
Scottsdale, AZ 85251


Brenda London Smith
Paralegal

STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES
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ODS File No. 04-013

RECOMMENDATION
TO ISSUE AN ORDER TO CEASE AND DESIST

Pursuant to the Oklahoma Business Opportunity Sales Act (Act), Okla. Stat. tit. 71, §§ 801-829 (2001), an investigation was conducted into the activities of Net Direct Marketing in connection with the offer and/or sale of business opportunities in and/or from the state of Oklahoma. Based thereon, the following Findings of Fact, Authorities and Conclusions of Law are submitted to the Administrator, or his designee, in support of the issuance of an order to cease and desist against Net Direct Marketing and Paul Angel.

Findings of Fact

1. Net Direct Marketing is an Arizona corporation that, at all times relevant hereto, was doing business in the state of Oklahoma. Net Direct Marketing is in the business of selling products and services to enable its members to advertise for customers through an Internet mall.
2. Paul Angel ("Angel"), a resident of Arizona, is the manager of Net Direct Marketing.
3. During June of 2003, Net Direct Marketing advertised on the Internet for potential members ("Members"), with no prior business experience, to join and gain the skills to set up a business and run it successfully. Net Direct Marketing claimed it would provide Members with the knowledge and ability to coordinate the sale of products between suppliers and purchasers.
4. Pursuant to the ad, an Oklahoma resident ("Oklahoma Member") telephoned Net Direct Marketing at the telephone number contained on its web site.

Subsequently, Oklahoma Member received a telephone call from a sales representative for Net Direct Marketing. The sales representative told the Oklahoma Member that Net Direct Marketing was offering to sell a car locator service and would provide a marketing coach to help reach prospective customers for the Oklahoma Member's business.

5. On June 27, 2003, the Oklahoma Member entered into a contract with Net Direct Marketing ("Member Agreement") wherein the Oklahoma Member paid \$2,400.00 and a monthly web site maintenance fee of \$25.00.

6. The Member Agreement provided that the Oklahoma Member would be responsible for contacting potential purchasers and that the Oklahoma Member would be responsible for earning income through her work efforts. The Member Agreement further provided that the Oklahoma Member would receive access to Net Direct Marketing's personal marketing coach ("Coach"). The Coach helps members decide on advertising methods to reach consumers.

7. The Member Agreement is not registered under the Act.

Authorities

1. Section 802 of the Act provides in pertinent part:

* * *

3.a. "*Business opportunity*" means a contract or agreement, between a seller and purchaser, express or implied, orally or in writing, wherein it is agreed that the seller or a person recommended by the seller shall provide to the purchaser any products, equipment, supplies or services enabling the purchaser to start a business and the seller represents directly or indirectly, orally or in writing, that:

* * *

(6) The seller will provide a marketing plan.

* * *

6. "*Marketing plan*" means advice or training, provided to the purchaser by the seller or a person recommended by the seller, pertaining to the sale of any products, equipment, supplies or services and the advice or training includes, but is not limited to, preparing or providing:

a. Promotional literature, brochures, pamphlets or advertising materials;

b. Training regarding the promotion, operation or management of the business opportunity; or

c. Operational, managerial, technical or financial guidelines or assistance.

7. "Offer" or "offer to sell" includes every attempt to dispose of a business opportunity for value or solicitation of an offer to purchase a business opportunity.

* * *

11. "Sale" or "sell" includes every contract or agreement of sale, contract to sell, disposition of a business opportunity or interest in a business opportunity for value.

2. Section 806 of the Act provides:

It is unlawful for any person to offer or sell any business opportunity, as defined in Section 802 of this title, in this state unless the business opportunity is registered under the provisions of the Oklahoma Business Opportunity Sales Act or is exempt under Section 803 of this title.

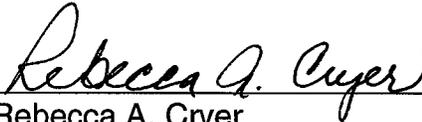
Conclusions of Law

1. The Member Agreements are business opportunities.
2. Respondents offered and sold a business opportunity in the state of Oklahoma.
3. The offer and sale by Respondents of the Member Agreements without registration of the Member Agreements under the Act is a violation of Section 806 of the Act.

WHEREFORE, it is recommended that the Administrator issue an order against Respondents to cease and desist from the offer and sale of business opportunities in violation of Section 806 of the Act.

Dated this 27 day of January, 2004.

Respectfully Submitted,



Rebecca A. Cryer
Enforcement Attorney
Oklahoma Department of Securities
120 North Robinson, Suite 860
Oklahoma City, OK 73102