

STATE OF MAINE  
OFFICE OF SECURITIES  
121 STATE HOUSE STATION  
AUGUSTA, ME 04333

IN RE:

B.I.Z. Holdings, Inc. d/b/a U.S. Metals  
Schlecht Group, Inc. d/b/a U.S. Metals  
Arthur Schlecht  
Bernard I. Zeff  
Martin Jainchill  
Roberta Couri

CEASE  
AND DESIST ORDER  
02-130

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. B.I.Z. Holdings, Inc. ("BIZ") is a foreign business entity with a last known business address of 1140 Kane Concourse, Fifth Floor, Bay Harbor Islands, Florida 33154-2045. BIZ was incorporated in Florida in January 2002 and registered in Florida as an owner of the fictitious name "U.S. Metals" in February 2002.
2. Schlecht Group, Inc. ("Schlecht Group") is a foreign business entity with a last known business address of 1140 Kane Concourse, Fifth Floor, Bay Harbor Islands, Florida 33154-2045. Schlecht Group was incorporated in Florida in December 1995 and registered in Florida as an owner of the fictitious name "U.S. Metals" in December 2001.
3. Metals Group International Corp. ("MGI") was incorporated in Florida in November 2002. In corporate filings, MGI lists its business address as 9130 South Dadeland Boulevard, Suite 1609, Miami, Florida 33156, which is an attorney's office. According to information received by the Office of Securities, the address at which MGI actually conducts business is 4101 Ravenswood Road, Suite 307, Dania, Florida 33312, an address also used by U.S. Metals. In addition, both MGI and U.S. Metals have used the same telephone number.
4. As recently as May 2002, U.S. Metals<sup>1</sup> has used 4101 Ravenswood Road, Suite 307, Dania, Florida 33312 as a business address. According to information received by the Office of Securities, this address has been the location at which U.S. Metals has actually conducted business, whereas the last known business address of both BIZ and Schlecht Group is an accountant's office.

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<sup>1</sup> References to U.S. Metals herein are deemed to include references to BIZ and Schlecht Group.

5. Arthur Schlecht ("Schlecht") is an individual who at all relevant times has been the sole officer and director of Schlecht Group. His last known business address is 1140 Kane Concourse, Fifth Floor, Bay Harbor Islands, Florida 33154-2045. His last known residential address is in Aventura, Florida 33180. Schlecht is also employed by or otherwise associated with MGI and is represented as a senior director of MGI on MGI's website.
6. Bernard I. Zeff ("Zeff") is an individual who at all relevant times has been the sole officer and director of BIZ. His last known business address is 1140 Kane Concourse, Fifth Floor, Bay Harbor Islands, Florida 33154-2045. His last known residential address is in San Diego, California 92122.
7. Martin Jainchill ("Jainchill") is an individual who at all relevant times has acted as an agent of U.S. Metals and is also the sole officer and director of MGI. According to information received by the Office of Securities, Jainchill operated and managed U.S. Metals. His last known business address is 9130 South Dadeland Boulevard, Suite 1609, Miami, Florida 33156. His last known residential address is in North Miami Beach, Florida 33179-3113.
8. Roberta Couri ("Couri") is an individual who at all relevant times has acted as an agent of U.S. Metals. Her last known business address is 9130 South Dadeland Boulevard, Suite 1609, Miami, Florida 33156. Her last known residential address is in Bal Harbour Village, Florida 33154. According to information received by the Office of Securities, Couri now works as an agent of MGI.
9. In or about May 2002, an individual residing in Danforth, Maine ("the Maine investor") was solicited over the telephone by representatives of U.S. Metals, including Jainchill and Couri, to purchase silver as an investment. The Maine investor was told that he would not be charged a fee in connection with his purchase.
10. As a result of these telephone solicitations, the Maine investor made two purchases of silver in late May 2002, one in the amount of \$4,050.00, and the other several days later in the amount of \$5,871.00, paying a total of \$9,921.00 by personal checks.
11. After each purchase, the Maine investor received a written Trade Confirmation from U.S. Metals. The first confirmation, dated May 24, 2002, indicated that the Maine investor had purchased 2,000 ounces of silver at a price per ounce of \$5.05, for a "total metal value" of \$10,100.00, and that the transaction included an "administration fee" of \$1,515.00. The second confirmation, dated May 31, 2002, indicated that the Maine investor had purchased 3,000 ounces of silver at a price per ounce of \$5.16, for a "total metal value" of \$15,480.00, and that the transaction included an "administration fee" of \$2,322.00.
12. Despite requests by the Maine investor, Respondents have refused to explain to the Maine investor why he was charged an administrative fee.
13. In or about August 2002, a U.S. Metals representative contacted the Maine investor and told him that, because the price of silver was diminishing, he should send another \$1,200.00 to U.S. Metals in order to protect his investment. The Maine investor accordingly sent a check to U.S. Metals in the amount of \$1,200.00.

14. U.S. Metals has not delivered any silver to the Maine investor, although he had understood that he would eventually receive the silver that he had purchased.
15. The Maine investor has contacted U.S. Metals on several occasions to ask that his funds be returned to him. On at least one occasion, the Maine investor called and reached Jainchill, who refused to discuss the matter.
16. At the time of these transactions, the Maine investor was approximately 70 years old. The Maine investor is a retiree and has little or no investment experience.
17. Pursuant to 32 M.R.S.A. §§ 11201(2) and 11201(12), silver is a "precious metal" and is therefore a commodity for purposes of the Maine Commodity Code.
18. As the Maine investor purchased the silver for investment purposes and did not receive delivery of the silver, his transactions with U.S. Metals constitute commodity contracts pursuant to 32 M.R.S.A. § 11201(3).
19. Respondents' offer and sale of silver to the Maine investor constitutes unlawful commodity transactions pursuant to 32 M.R.S.A. § 11202, which prohibits the offer and sale of commodities unless the transactions are exempt under 32 M.R.S.A. §§ 11203 or 11204. The Office of Securities is not aware that the respondents or the transactions at issue qualify for any of these exemptions.
20. At the time of these transactions, neither U.S. Metals, Jainchill, nor Couri was registered or temporarily licensed with the Commodity Futures Trading Commission ("CFTC"). The Office of Securities is not aware of any exemption for which U.S. Metals, Jainchill and Couri would qualify.
21. By offering and selling silver to the Maine investor, respondents engaged in unlawful commodity activities pursuant to 32 M.R.S.A. § 11205, which prohibits persons from engaging in commodity trade or business without either being registered or temporarily licensed by the CFTC, or being exempt from such registration.
22. In failing to deliver any silver to the Maine investor, refusing to return his funds, and in misrepresenting whether administration fees would be charged, respondents have cheated or defrauded, or have employed a device, scheme or artifice to defraud, the Maine investor in violation of 32 M.R.S.A. § 11206(1).
23. In failing to deliver any silver to the Maine investor, refusing to return his funds, and in misrepresenting whether administration fees would be charged, respondents have made untrue statements of material facts, or have misled the Maine investor through omission of material facts, in violation of 32 M.R.S.A. § 11206(2).
24. In failing to deliver any silver to the Maine investor, refusing to return his funds, and in misrepresenting whether administration fees would be charged, respondents have engaged in transactions, acts, practices, or a course of business that operated as a fraud or deceit upon the Maine investor, in violation of 32 M.R.S.A. § 11206(3).

25. In failing to deliver any silver to the Maine investor and in refusing to return his funds, respondents have misappropriated or converted the Maine investor's funds, in violation of 32 M.R.S.A. § 11206(4).
26. Pursuant to 32 M.R.S.A. § 11207(1), the acts, omissions, or failures of Jainchill, Couri, and other agents of U.S. Metals are deemed the acts, omissions, or failures of BIZ and Schlecht Group.
27. As sole officer and director of BIZ, Zeff directly or indirectly controlled U.S. Metals and its agents, including Jainchill and Couri. Therefore, pursuant to 32 M.R.S.A. § 11207(2), Zeff is jointly and severally liable to the same extent as the other respondents.
28. As sole officer and director of Schlecht Group, Schlecht directly or indirectly controlled U.S. Metals and its agents, including Jainchill and Couri. Therefore, pursuant to 32 M.R.S.A. § 11207(2), Schlecht is jointly and severally liable to the same extent as the other respondents.
29. For the reasons stated above, the Securities Administrator believes that respondents have engaged or are about to engage in acts or practices constituting violations of the Maine Commodity Code.
30. Pursuant to 32 M.R.S.A. § 11302(1), the Securities Administrator may, after notice and opportunity for hearing, issue a cease and desist order against any person whom the Securities Administrator believes has engaged or is about to engage in any act or practice constituting a violation of the Maine Commodity Code.
31. On September 23, 2003, the Securities Administrator issued a Notice of Intent to Issue a Cease and Desist Order. The Notice gave the respondents thirty (30) days to request a hearing on the matter. To date, no hearing has been requested.

FINAL ORDER

Now, therefore, it is ORDERED that respondents immediately CEASE AND DESIST from violating any of the provisions of the Maine Commodity Code, 32 M.R.S.A. § 11201 *et seq.*

Pursuant to 32 M.R.S.A. § 11311, this is a final order, entered after notice and opportunity for hearing. A party to this order may obtain judicial review of the order in Kennebec County Superior Court by filing a petition within thirty (30) calendar days after receipt of the order in accordance with 5 M.R.S.A. § 1101 *et seq.* and Rule 80C of the Maine Rules of Civil Procedure.

Date: November 24, 2003

/s/ Christine A. Bruenn  
Christine A. Bruenn  
Securities Administrator

Reviewed by:

Date: November 24, 2003

/s/ Bonnie E. Russell  
Bonnie E. Russell  
Supervisor of Enforcement

Presented by:

Date: November 24, 2003

/s/ Christian Van Dyck  
Christian Van Dyck  
Investigator/Examiner