

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

IN RE:

Web Booth Inc. a/k/a The Web Booth Corporation
Waterstones, Ltd.
Future Communications Marketing, Inc.
John E. Perry
Brian S. Wright
Timothy E. Grant, Sr.
Robert H. Edmunds, III

CEASE AND DESIST ORDER

No. 00-027

FINDINGS OF FACT AND CONCLUSIONS OF LAW

Pursuant to 32 M.R.S.A. §§ 10602 and 10708, the Securities Administrator finds and orders as follows:

1. Web Booth, Inc., also known as The Web Booth Corporation ("Web Booth"), is a foreign business entity with a last known business address of 1800 Century Park East, Sixth Floor, Century City, CA 90067. Web Booth was incorporated in 1996 in Delaware and has also been located at 3600 South Harbor Boulevard, Oxnard, CA 93035, at 9944 Santa Monica Boulevard, Beverly Hills, CA 90212, and at 3401 West Fifth Street, Suite 100, Oxnard, CA 93035. Web Booth has been purportedly in the business of offering and selling Public Internet Access Kiosks ("kiosks") to investors.
2. Waterstones, Ltd. ("Waterstones") is a foreign business entity with a last known business address of 1800 Century Park East, Sixth Floor, Century City, CA 90067. Waterstones was incorporated in 1999 in Nevada and has also been located at 2533 North Carson Street, Carson City, NV 89706. Waterstones has been purportedly in the business of installing, servicing, maintaining, managing, and selecting locations for the kiosks that Web Booth sells to investors and that investors lease back to Waterstones.
3. Future Communications Marketing, Inc. ("FCMI") is a foreign business entity with a last known business address of 6130 West Flamingo Road, PMB 389, Las Vegas, NV 89103. FCMI was incorporated in 1998 in Nevada and has also been located at 1802 Oak Street, Suite 4, Bakersfield, CA 93301, and 250 East Main Street, Cincinnati, OH 45103.

FCMI has been purportedly in the business of marketing and selling Web Booth kiosks, including through the use of local sales agents.

4. John E. Perry ("Perry") is an individual who at all times relevant to this matter has been the President of Waterstones and has controlled or been affiliated with both Web Booth and FCMI.
5. Brian S. Wright ("Wright") is an individual who at all times relevant to this matter has been the President and sole director of FCMI and has been affiliated with Web Booth and Waterstones. His last known residential address is 3579 Todds Run Road, Williamsburg, Ohio 45176.
6. Timothy E. Grant, Sr. ("Grant") is an individual who at all times relevant to this matter acted as a sales representative for Web Booth, Waterstones, and FCMI. Grant was formerly a resident of Sangerville, Maine. His last known residential address is 15443 South Bentley Drive, Arizona City, Arizona 85223.
7. Robert H. Edmunds, III ("Edmunds"), is an individual who at all times relevant to this matter acted as a sales representative for Web Booth, Waterstones, and FCMI. Edmunds' last known business address is Planning Services of Maine, 100 Bristol Road, Newcastle, Maine 04553.
8. The Web Booth investment program worked in the following way with respect to Maine investors. Local sales agents, such as Grant and Edmunds in Maine, would arrange for an investor to buy one or more kiosks from Web Booth, at times through its marketing and sales affiliate, FCMI. The investor simultaneously entered into a five-year Equipment Lease Agreement with another Web Booth affiliate, Waterstones, which agreed to provide monthly income or "rent" for use of the kiosk.
9. On information and belief, by late 1999 or early 2000, Web Booth and Waterstones were essentially acting as one company in the same office location.
10. From approximately September 1999 to March 2000, Grant and Edmunds sold the Web Booth investment program to at least fifteen (15) Maine residents for total investments of at least \$656,350.
11. Grant marketed and sold to the Web Booth investment program to Maine consumers as an investment that would allegedly provide a 17% annual return, based on a monthly income payment, without the risk of market fluctuations. In discussing this investment with Maine consumers, Grant compared it with other options such as certificates of deposit, money market funds, and mutual funds. Each Web Booth unit required an investment of at least \$10,250 and was to allegedly provide \$145 in monthly income.
12. Maine investors played a passive role in the Web Booth investment program and had no duties or responsibilities in terms of managing or servicing the kiosks they purchased. On information and belief, the Maine investors would not have had the expertise or

- experience to perform such duties in any event. Instead, Maine investors relied wholly upon Waterstones to make all business decisions concerning the location, installation, operation, and maintenance of the kiosks. Waterstones' overall expertise and efforts thus determined whether the investors would obtain the promised return on their investment.
13. On information and belief, Maine investors never saw the actual kiosks they supposedly purchased, were never told the location where the kiosks were supposedly installed, and could not identify by serial number or otherwise any particular kiosk that supposedly belonged to them.
 14. Grant received a commission from FCMI of 15% for his sales to investors. On information and belief, Edmunds earned a similar commission.
 15. In connection with the marketing, sale, and leasing of the kiosks, Grant dealt directly and regularly with Perry, who acted for both Web Booth and Waterstones.
 16. At all relevant times, Grant was also a licensed sales representative of Pruco Securities Corporation ("Pruco") and sold the Web Booth investment program to Pruco clients without Pruco's actual knowledge. Grant attempted to hide the activity from Pruco because he knew that Pruco would not allow him to both work for Pruco and sell the Web Booth investment program.
 17. In accord with FMCI's advice, Grant had his wife -- who otherwise had no involvement in the program -- sign all Web Booth-related documents, so as to falsely make it appear as if she was the sales agent.
 18. Grant also had his clients arrange to transfer their funds away from Pruco and into the Web Booth investment program in a manner designed to disguise how the funds were being reinvested. Specifically, rather than have client funds transferred directly from a Pruco account into the program, Grant would instruct the client to withdraw funds from Pruco by making a written request for a check. The funds would then be deposited into the client's bank account and later withdrawn in order to invest in the program.
 19. Pruco terminated Grant's employment in March 2000 upon learning of his unauthorized sales of the Web Booth investment program. In September 2001, the National Association of Securities Dealers permanently barred Grant from associating with any member firm in any capacity.
 20. At all relevant times, Edmunds was also a licensed sales representative of Investors Capital Corporation. His employment there ended in May 2000.
 21. On April 11, 2000, the Office of Securities took the sworn deposition of Grant, in which he confirmed and admitted many of the material allegations herein.
 22. On information and belief, Web Booth, Waterstones, and FCMI are now out of business.

23. On May 13, 1999, the State of Pennsylvania issued a Summary Order to Cease and Desist against Web Booth, Waterstones, FCMI, Perry, and Wright for securities law violations essentially the same as those alleged herein. On October 9, 2000, the State of Wisconsin issued Orders of Prohibition and Revocation against Web Booth and Perry for securities law violations essentially the same as those alleged herein.
24. The Web Booth investment program involves the sale of investment contracts to consumers. An investment contract is a security under 32 M.R.S.A. § 10501(18). The Web Booth investment program therefore involves the sale of securities under the Act.
25. Pursuant to 32 M.R.S.A. § 10401, a person may not offer or sell any security in Maine unless the security is registered under the Revised Maine Securities Act ("the Act") or the security or transaction is exempt from registration under the Act.
26. The Web Booth investment program has never been registered under the Act for offer and sale in Maine, nor is the Office of Securities aware of any applicable exemption from registration for which the program may have qualified.
27. All respondents violated 32 M.R.S.A. § 10401 by offering and selling unregistered securities in Maine.
28. Perry is also liable as a control person of Web Booth and Waterstones pursuant to 32 M.R.S.A. § 10602(3).
29. Wright is liable as a control person of FCMI pursuant to 32 M.R.S.A. § 10602(3).
30. On November 1, 2002, the Securities Administrator issued a Notice of Intent to Issue a Cease and Desist Order, which gave respondents thirty (30) days to request a hearing on the matter. No respondent has requested a hearing.
31. For the reasons stated above, the Securities Administrator reasonably believes that respondents have engaged, are engaging, or are about to engage in acts or practices constituting violations of the Act.

FINAL ORDER

NOW, THEREFORE, it is ORDERED that respondents immediately CEASE AND DESIST from violating any provisions of the Revised Maine Securities Act, including the prohibition in 32 M.R.S.A. § 10401 against offering or selling unregistered securities.

Pursuant to 32 M.R.S.A. § 10708, this is a final order, entered after notice and opportunity for hearing. Pursuant to 32 M.R.S.A. § 10709, a party 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. § 11001 et seq. and Rule 80C of the Maine Rules of Civil Procedure.

Date: January 14, 2003

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

Approved by:

Date: January 14, 2003

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

Presented by:

Date: January 14, 2003

/s/ Michael W. Atleson
Michael W. Atleson
Staff Attorney
(licensed in NY and MA, pending in ME)