

STATE OF ILLINOIS  
SECRETARY OF STATE  
SECURITIES DEPARTMENT

\_\_\_\_\_  
IN THE MATTER OF: FREETEL, INC. ITS )  
OFFICERS AND DIRECTORS, AGENTS, AFFILIATES, )  
EMPLOYEES, SUCCESSORS AND ASSIGNS. )  
\_\_\_\_\_ )

FILE NO.0300134

**ORDER TO CEASE AND DESIST**

TO THE RESPONDENT: Freetel, Inc.  
3651 Canton Highway  
Marietta, Georgia 30066

WHEREAS, a Summary Order to Cease and Desist (the "Summary Order") was issued by the Secretary of State on July 19, 2006, ordering Freetel, Inc., its partners, officers and directors, employees, agents, affiliates, successors and assigns (the "Respondent") to CEASE and DESIST from offering or selling any business opportunities in the State of Illinois in violation of the provisions of the Business Opportunity Sales Law of 1995 [815 ILCS 602 et seq.] (the "Act"), until the further the order of the Secretary of State.

WHEREAS, pursuant to Section 5-65(1) of the Act, the failure to request a hearing within thirty (30) calendar days after entry of the Summary Order shall be deemed to constitute a waiver of all rights by such person to a hearing and the cease and desist order as to such person shall become permanent.

WHEREAS, the Summary Order sent to the Respondent on July 19, 2006, by certified mail and was served on the Index Department on July 24, 2006.

WHEREAS, the Respondent has failed to request a hearing on the matters contained in the Summary Order within thirty (30) calendar days after entry of said Summary Order.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Findings of Fact contained in the Summary Order as the Secretary of State's Final Findings of Fact:

1. That Freetel, Inc. (the "Respondent"), is a business entity which maintains its principal office at 3651 Canton Highway, Marietta, Georgia 30066
2. That during July, 2001, the Respondent placed an ad ("the Ad") in the Peoria Journal Star newspaper.

Order to Cease and Desist

-2-

3. That Respondent told one or more Illinois residents responding to the Ad about the 26" Freetel "concierge" associate payphone program and Freetel distributorship, and sent them promotional literature ("the Literature").
4. That the Literature in part provided:
  - a) Annual projections of yearly income for different concierge payphone packages--"Silver", "Gold" and "Platinum"-- to be placed and installed by Respondent in hotel locations. The projections included potential revenue to be earned by placing Ads on the payphones. The package was touted "as close to a turnkey business as you will find anywhere."
  - b) "Reference Letters" and Printers of ad layouts for the payphones.
  - c) Equipment purchase agreements and 120-day geographic distributor agreements renewable upon the purchase of additional phones.
5. That on July 31, 2001, the Respondent sold the "Silver Package" to an Illinois resident for fifteen thousand four hundred ninety dollars (\$15,490.00). The "Silver Package" included three payphones, along with locations and installation.
6. That Section 5-5.10(a)(6) of Business Opportunity Sales Law of 1995, [815 ILCS 602 ET seq.] (The "Act") provides, inter alia, that a business opportunity is 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 product, equipment, supplies or services enabling the purchaser to start a business when the purchaser is required to make a payment to the seller or a person recommended by the seller and the seller represents directly or indirectly, orally or in writing, that; the seller or a person recommended by the seller will provide or assist the purchaser in finding locations, or assist the purchaser in finding outlets or account for the purchaser's products or services, or will provide a marketing plan.
7. That the Concierge associate payphone program, described in paragraphs three, four and five (3, 4 & 5), constitutes a business opportunity as that term is defined in Section 5-5.10 of the Act.
8. That the activities described in paragraph two (2) constitute an offer as that term is defined under Section 5-5.20 of the Act.
9. That Section 5-25 of the Act provides, inter alia, that it is unlawful for any person to offer any business opportunity in this State unless the business opportunity is registered under the Act or is exempt under Section 5-10 of the Act.

Order to Cease and Desist

-3-

10. That at all relevant times, Respondent Fretel, Inc., its officers and directors, agents, employees, affiliates, successors and assigns, failed to register the business opportunity described in paragraphs three, four and five (3, 4 & 5) as required pursuant to Section 5-25 of the Act.
11. That Section 5-65 of the Act provides, *inter alia*, that whenever it appears to the Secretary of State that any person has engaged in or is about to engage in any act or practice constituting a violation of any provision of this Law or any rule, regulation, or order under this Law, the Secretary of State may issue an order directing the person to CEASE and DESIST from continuing the act or practice.

WHEREAS, the Secretary of State, by and through his duly authorized representative, has adopted the Conclusion of Law contained in the Summary Order as the Secretary of State's Conclusion of Law:

The Respondent has violated Section 5-25 of the Act.

NOW THEREFORE, IT IS HEREBY ORDERED: That pursuant to Section 5-65 of the Act, the Respondent, Fretel, Inc., its partners, officers and directors, employees, agents, affiliates, successors and assigns, is hereby ordered to CEASE and DESIST from offering or selling any business opportunities in the State of Illinois in violation of the provisions of the Act.

ENTERED: This 22nd day of August, 2006.



JESSE WHITE  
Secretary of State  
State of Illinois

NOTICE: Pursuant to Section 5-115 of the Act, any person or entity who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of this Order, shall be guilty of a Class 3 felony.

This is a final order subject to administrative review pursuant to the Administrative Review Law, [735 ILCS 5/3-101 *et seq.*] and the Rules and Regulations of the Act (14 Ill. Admin. Code, Ch. I, Sec. 130.1123). Any action for judicial review must be commenced within thirty-five (35) days from the date a copy of this Order is served upon the party seeking review.