

**STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT**

IN THE MATTER OF: ZOOM TECHNOLOGIES its)
Partners, Officers and Directors, agents, employees,)
affiliates, successors and assigns.)
_____)

FILE NO.0100701

ORDER TO CEASE AND DESIST

TO THE RESPONDENT: Zoom Technologies
5569-4 Bowden Road
Jacksonville, Florida 32216

WHEREAS, a Summary Order to Cease and Desist (the "Summary Order") was issued by the Secretary of State on February 10, 2004 ordering Zoom Technologies, 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 602/5-1 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 by such person of all right to a hearing and the cease and desist order as to such person shall become permanent.

WHEREAS, the Summary Order was sent to the Respondent on February 10, 2004, by certified mail .

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 Zoom Technologies is a business entity maintaining its principal office at 5569-4 Bowden Road, Jacksonville, Florida 32216 ("Respondent").
2. That on or about November 22, 2000, Respondent mailed advertisements on the reverse side of a postcard to at least one resident within the State of Illinois.
3. That said advertisement (hereinafter the "Ad") read in part as follows: "Earn \$20,000.00 a month with Zoom Technologies. We handle the marketing. You

Order to Cease and Desist

-2-

process 2,500-5,000 NSF checks per month on your PC using our proprietary software..."

4. That one or more Illinois residents ("Resident") responded to the Ad by viewing the website zoomchecks@hotmail.com and then calling 888-875-1749 ext. 551, both listed on the postcard.
5. That Resident faxed the Zoom Technologies Purchase Agreement and Package, including credit card authorizations in the amount of \$1,950.00 for the one time licensing fee and monthly credit card charge in the amount of \$100 for cooperative advertising in USA Today and the Wall Street Journal, to its representative Richard Lewis at 615-985-0995. He also faxed the credit card authorization for the \$100.00 monthly credit card charge to 888-783-2445.
6. That under the license agreement ("License Agreement") Respondent would provide certain services to Resident, including training, proprietary FastCollect software, processing manual, reference materials for return codes and state permitted NSF fees, and the National Automated Clearing House Association's Compliance manual.
7. That Respondent offered and sold its License Agreement to a least one resident of the State of Illinois.
8. 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 of more than \$500 and the seller represents directly or indirectly, orally or in writing, that the seller or a person recommended by the seller will provide a marketing plan.
9. That the activities described in paragraphs 3, 5 & 6 constitute a marketing plan as that term is defined under Section 5-5.15 of the Act.
10. That the License Agreement, described in paragraphs 3, 5 & 6, constitutes a business opportunity as that term is defined in Section 5-5.10 of the Act.
11. That the activities described in paragraphs two and three, (2 and 3) constitute an offer as that term is defined under Section 5-5.20 of the Act, and a Sale as that term is defined under Section 5-5.40 of the Act.
12. 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-

13. That at all relevant times, Respondent, Zoom Technologies, their partners, officers and directors, agents, employees, affiliates, successors and assigns, failed to register the business opportunity described in paragraph eleven (11) as required pursuant to Section 5-25 of the Act.
14. That by virtue of the foregoing, the Respondent violated Section 5-25 of the Act.
15. That Section 5-60(2) of the Act provides, inter alia, that the Secretary of State may require any person to file a statement, under oath, as to all the facts and circumstances concerning a matter to be investigated.
16. That on October 22, 2001, pursuant to the authority granted in Section 5-60 of the Act, the Department sent a letter (the "5-60 Letter") to Respondent by certified mail, return receipt requested. The 5-60 Letter requested certain information, which the Department deemed necessary for its use to determine whether the Respondent had violated the Act in offering for sale its License Agreement without registration as a business opportunity, within ten (10) business days.
17. That the certified mail receipt was returned to the Department signed by addressee's agent on about November 26, 2001.
18. That as of this date Respondent has failed and refused to respond to the 5-60 Letter.
19. That Section 5-60(d) of the Act provides, inter alia, that it shall be a violation of the provisions of the Act for any person to fail to file with the Secretary of State any document required to be filed under the provisions of Section 5-60.
20. That, by virtue of the foregoing, paragraphs 16-18 the Respondent violated Section 5-60 of the Act.
21. 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 Conclusions of Law contained in the Summary Order as the Secretary of State's Conclusions of Law:

By virtue of the foregoing, the Respondent has violated Section 5-25 and Section 5-60 of the Act.


NOW THEREFORE, IT IS HEREBY ORDERED: That pursuant to Section 5-65 of the Act, the Respondent, Zoom Technologies, its partners, officers and directors, employees, agents,

Order to Cease and Desist

-4-

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.

DATED: This 20th day of April, 2004



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.