

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: MOBILE BILLBOARDS OF AMERICA)
AND NATIONAL PAYPHONE CORPORATION)
THEIR OFFICERS, DIRECTORS,) File No. 0400716
EMPLOYEES, AFFILIATES,)
SUCCESSORS, AGENTS AND ASSIGNS,)
)
)

ORDER OF PROHIBITION

TO THE RESPONDENT: Mobile Billboards of America
National Payphone Corporation
C/O J. David Dantzler, Jr.
Attorney for Receiver of the Respondents
Troutman Sanders LLP
Bank of America Plaza
Suite 5200
600 Peachtree Street, NE
Atlanta, GA 30308-2216

WHEREAS, the record of the above-captioned matter has been reviewed by the Secretary of State or his duly authorized representative;

WHEREAS, the rulings of the Hearing Officer on the admission of evidence and all motions are deemed to be proper and are hereby concurred with by the Secretary of State;

WHEREAS, the proposed Findings of Facts and Conclusions of Law and Recommendation of the Hearing officer, John K. Ellis, in the above-captioned matter have been read and examined; and

WHEREAS, the proposed Findings of Fact are correct and are adopted by the Secretary of State as follows:

1. As no Answers were filed, the Respondents are therefore deemed to be in default;

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2. The Respondent National Payphone Corporation is a purported corporation which maintained a last known business address of 15 Hultenius Street, Plainville, Connecticut 06062;
3. The Respondent Mobile Billboards of America is the successor in interest of National Payphone Corporation and currently is in receivership;
4. During the years 2001 through 2004, the Respondent National Payphone Corporation, by and through its officers, directors, employees, agents, affiliates, successors and assigns, sold to at least one Illinois resident, payphone equipment and leasing arrangements which promised payments of \$83.70 per month for each payphone leasing arrangement;
5. Section 2.1 of the Act defines the term "Security" as any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit sharing agreement, collateral trust certificate, pre-organization certificate or subscription, transferable share, investment contract, investment fund share, face-amount certificate, voting trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas or other mineral lease, right or royalty, any put, call, straddle, option, or privilege on any security, certificate of deposit, or group or index of securities (including any interest therein or based on value thereof), or any put, call, straddle, option or privilege entered into on a national securities exchange relating to foreign currency, or, in general, any interest or instrument commonly known as a "Security", or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing. "Security" does not mean a mineral investment contract or a mineral deferred delivery contract; provided, however, the Department shall have authority to regulate these contracts as hereinafter provided;
6. Section 2.5 of the Act defines the term "Sale or Sell" to include the full meaning of that term as applied by or accepted in the courts of this State, and shall include every contract of sale or disposition of a security or interest in security for value;
7. Section 2.5a of the Act defines the term "Offer" to include every offer to sell or otherwise dispose of, or solicitation of an offer to purchase, a security or

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interest in a security for value; provided that the term "Offer" shall not include preliminary negotiations or agreements between an issuer and any underwriter or among underwriters who are or are to be in privity of contract with an issuer, or the circulation or publication of an identifying statement or circular or preliminary prospectus, as defined by rules or regulations of the Secretary of State;

8. The above-referenced payphone leasing arrangements are securities as that term is defined pursuant to Section 2.1 of the Act;
9. That Section 5 of the Act provides, inter alia, that all securities except those set forth under Section 2.A of the Act, or those exempt under Section 3 of the Act or those offered and sold in transactions exempt under Section 4 of the Act shall be registered with the Secretary of State prior to their offer or sale in the State of Illinois;
10. That Section 12.A of the Act provides, inter alia, that it shall be a violation of the Act for any person to offer or sell securities except in accordance with the provisions of the Act;
11. That Section 12.D of the Act provides, inter alia, that it shall be a violation of the Act for any person to fail to file with the Secretary of State any document or application required to be filed under the provision of the Act or to fail to comply with the terms of any order of the Secretary of State issued pursuant to Section 11 of the Act;
12. At all times relevant hereto, the Respondents failed to file an application for registration of the above-referenced securities with the Secretary of State prior to their offer or sale in the State of Illinois;
13. That by virtue of the foregoing, the Respondents have violated Sections 12.A and 12.D of the Act;
14. That Section 11.E(2) of the Act provides, inter alia, that if the Secretary of State shall find that any person has violated subsection D of Section 12 of the Act, the Secretary of State may by written order prohibit the person from offering or selling any securities in this State;

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15. That Section 11.E(4) of the Act provides, inter alia, that if the Secretary of State, after finding that any provision of the Act has been violated, may impose a fine as provided by rule, regulation or order not to exceed \$10,000.00 for each violation of the Act, issue an order of public censure and may charge as costs of investigation all reasonable expenses;
16. By virtue of the foregoing, the Respondents are subject to find of up to \$10,000 per violation, reasonable expenses, an order of censure, and an order which permanently prohibits the Respondents from offering or selling securities in the State of Illinois; and
17. The entry of a Final Order of Prohibition is proper in this case, given the conduct of the Respondents as described in Secretary of State Exhibits 1-7, as well as the fact that the Respondents failed to appear at the hearing and properly answer the Notice of Hearing.

WHEREAS, the proposed Conclusions of Law are correct and are adopted by the Secretary of State as follows:

1. After proper notification, the Department may proceed with a hearing in the Respondent's absence. (735 ILCS 5/1-105 and 5/2-1301); Ryan v. Bening, 1978, 22 Ill. Dec. 873, 66 Ill. App.3d 127, 383 N.E.2d 681; Koenig v. Nardullo, 1968, 99 Ill. App.2d 480, 241 N.E. 2d 567; In Re the Marriage of Garde, 1983, 73 Ill. Dec. 816, 188 Ill. App.3d 303, 454 N.E.2d 1065. Significantly, the Notice of Hearing outlines that a default judgment may be entered against a Respondent who fails to appear or answer the charges;
2. The actions, representations, and/or omissions of the Respondents made in connection with the offer or sale of unregistered securities to Illinois purchasers are a violation of 815 ILCS 5/12.A. The Respondents' actions, statements, representations, and/or omissions made in connection with a failure to file required documents with the Secretary of State are a violation of 815 ILCS 5/12.D;
3. That by virtue of the foregoing the Respondents are subject to an Order of Permanent Prohibition in the State of Illinois, a public censure and a fine of up to \$10,000 per violation and or granting such other relief as may be authorized under the Act; and

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4. Because of the Findings of this Order, the pleading, the exhibits admitted as Secretary of State exhibits 1 through 7, as well as the fact that the Respondents failed to answer the Notice of Hearing or appear at the hearing, the entry of a written Order of Prohibition pursuant to Section 11.E(2) of the Act, which permanently prohibits the offer or sale of securities by the Respondents in the State of Illinois is proper in this matter.

WHEREAS, the proposed Recommendation of the Hearing Officer is adopted by the Secretary of State.

NOW THEREFORE IT IS HEREBY ORDERED: That pursuant to the foregoing Findings of Fact, Conclusions of Law, and the Recommendation of the Hearing Officer:

The Respondents and their affiliates, successors and assigns are permanently prohibited from offering or selling securities in the State of Illinois.

ENTERED: This 14th day of February, 2006



JESSE WHITE
Secretary of State
State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12.D of the Illinois Securities Law of 1953, as amended, 815 ILCS 5/1 et seq. (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 4 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.

Attorney for the Secretary of State:
David Finnigan
Illinois Securities Department
300 W. Jefferson St. Suit 300A
Springfield, Illinois 62702