BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE

OF THE STATE OF IDAHO

STATE OF IDAHO, Department of Finance, Securities Bureau,	)	Docket No. 2006-7-43
Complainant,	)	**CONSENT ORDER TO CEASE AND DESIST**
vs.	)	
Bruce B. Eaton and StockNet, LLC;	)	
Respondents	)	

The Director of the Department of Finance, pursuant to the authority of the Idaho Uniform Securities Act (2004), Idaho Code §30-14-101, *et seq.*, has reasonable grounds to believe that violations of the Idaho Uniform Securities Act (2004) have occurred, and may continue to occur, as follows:

RESPONDENTS

1. Bruce B. Eaton (Eaton) is an Idaho resident residing at 1855 Sabin Drive, Ammon, Idaho, 83406.

2. Eaton was an Idaho licensed insurance agent at the time of the activities giving rise to this order.

3. Eaton is the president and founder of StockNet, LLC.

4. StockNet, LLC. is an existing Idaho limited liability company with articles of organization filed with the Idaho Secretary of State on September 28, 2006. StockNet, LLC operates from 1855 Sabin Drive, Ammon, Idaho 83406.

5. Eaton operates an internet website at www.stocknet.biz .

BACKGROUND

6. Eaton has been an Idaho licensed life and health insurance agent since June 20, 2005.

7. On or about October 17, 2006 Eaton ran an advertisement in the Idaho Falls Post Register newspaper announcing a seminar which would teach attendees how to make 75% annual returns in their own online brokerage accounts.

8. The newspaper announcement offered the seminar at four different times at conference room #2 at the Idaho Falls Public Library. The times were Thursday, October 19, 2006 at 1:00pm and 3:00pm; and Friday, October 20, 2006 at 5:30pm and 7:00pm.

9. During the seminar Eaton used an audio and a video presentation from his website at www.stocknet.biz. The audio and video presentations explained his background and the program he was selling. Using the audio and video presentations, Mr. Eaton made the following representations:

10. During the seminar Eaton represented to prospective investors that he had been teaching this investment strategy for ten years and that he had published and copyrighted the system.

11. Eaton represented to prospective investors that he has operated a financial planning practice for eight years.

12. Eaton represented to prospective investors that he is known in the industry as a "safe money specialist" and that he has never lost money for any of his clients.

13. Eaton represented to prospective investors that he would show them how to make 5% to 10% per month compounded month after month, or an annual return of 75% to 100% per year in the stock market.

14. Eaton stated that his investment program trains investors about how to buy stock in established, publicly traded companies and then to sell covered call options on those stocks. He explained briefly how to select the underlying stock, how to track it on an online investment service like Yahoo and how to look up the information needed to sell the covered calls.

15. Eaton told investors that the program was set up as a network marketing program and that investors could make additional money by bringing others into the investment program.

16. Eaton stated that the cost of the program would be $295.00 to sign up and receive access to the online training materials.

17. Eaton also explained that participants would be required to split the profits from their option trading with Stocknet. The investors were to pay Stocknet 32.5% of their profits part of which would be paid to Eaton as compensation.

18. Eaton represented that a portion of the profits paid to Stocknet by the investors would be used to pay others in the investor's network marketing up line.

19. Eaton represented that the Stocknet program was an "almost foolproof way of making money on the stock market" and they had "developed a strategy to more than compensate for any losses that you incur."

20. Eaton represented that "you make an average 50 – 75% returns on your first year in the market" and "your returns on the second year in the market will double your 2nd year earnings."

21. The investments offered and sold by Eaton are securities within the meaning of Idaho Code §30-14-102(28) of the Idaho Uniform Securities Act (2004). More specifically, the investments are profit sharing agreements.

22. In connection with the offer, purchase or sale of theses securities, Eaton directly or indirectly, made untrue statements of material fact or omitted to state material facts necessary in order the make the statements made, in light of the circumstances under which they were made, not misleading in violation of the Idaho Uniform Securities Act (2004).

COUNT ONE

23. Paragraphs 1 through 22 set forth above are fully incorporated herein by this reference.

24. In connection with the offer and sale of the investment securities, Respondents omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading in violation of the antifraud provisions of the Idaho Uniform Securities Act (2004). The omissions of Respondent include, but are not limited to, the following:

a) Eaton failed to inform offerees of the risks associated with an investment in stocks or options.

b) Eaton failed to inform offerees that he was not licensed as an investment advisor.

c) Eaton failed to inform offerees that the Stocknet profit sharing program was not registered as a security as required by Idaho Code § 30-14-301.

d) Eaton failed to inform offerees that the risks associated with stock investing would also affect the returns expected from the network marketing program.

25. Respondents have violated Idaho Code § 30-14-501(2).

COUNT TWO

26. Paragraphs 1 through 25 set forth above are fully incorporated herein by this reference.

27. In connection with the offer or sale of securities, Respondents misrepresented material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading in violation of the antifraud provisions of the Idaho Uniform Securities Act (2004). The misrepresentations of Respondents include, but are not limited to, the following:

a) Eaton misrepresented the investment as being safe but provided no basis as to why his method would make investing in the underlying stock any safer than buying the stock without the use of his method. Buying stock with or without his system would still subject the investors to many of the risks associated with stock investing.

b) Eaton misrepresented to investors that they could safely make 5% to 10% per month or 75% to 100% per year using his method. Eaton provided no basis for these rates of return.

c) Eaton misrepresented to investors that he had operated a "financial planning practice" for eight years. The records of the Idaho Department of Finance show no registration as an investment advisor or a registered representative of a licensed securities broker dealer. The Idaho Department of Insurance records show that Eaton became licensed only as a life and disability agent in June of 2005. The Wyoming Department of Insurance records show he became licensed on November 20, 2003. Eaton provided no factual basis for his claim of experience as a financial planner.

28. Respondents have violated Idaho Code § 30-14-502(2).

COUNT THREE

29. Paragraphs 1 through 28 set forth above are fully incorporated herein by this reference.

30. In connection with the offer or sale of securities, Respondents engaged in an act, practice or course of business that operated or would operate as a fraud or deceit. The acts, practices and courses of business that operated as a fraud or deceit include, but are not limited to, the following:

a) The conduct alleged in paragraphs 1 through 28 of this Order.

b) The Stocknet business model is a multi-level, network marketing program designed to share expected profits from selling covered calls on stocks held by the investors. The income from the network marketing down lines is based on proposed returns that are not normally found in covered call writing. The income expected from down line production is at risk due to the underlying stock market risk and the substantially lower returns normally

returns normally associated with covered call writing.

31. Respondents have violated Idaho Code § 30-14-502(3).

COUNT FOUR

32. Paragraphs 1 through 31 set forth above are fully incorporated herein by this reference.

33. The stock option program where Eaton receives 32.5% of each participant's profit is a profit sharing agreement, a security as defined in Idaho Code § 30-14-102(28).

34. The profit sharing agreement offered by Eaton is not registered with the Idaho Department of Finance or with any other regulatory agency.

35. Respondents have violated Idaho Code§ 30-14-301.

COUNT FIVE

36. Paragraphs 1 through 35 set forth above are fully incorporated herein by this reference.

37. Beginning on a date uncertain, but at least since October 2006, Respondents offered or sold, either directly or indirectly, or aided and abetted in the offer or sale, to Idaho residents, through written and oral solicitations, securities within the meaning of Idaho Code § 30-14-102(28).

38. The Respondents were not licensed to sell securities in the State of Idaho nor were the securities they offered registered for sale in the State of Idaho.

39. The Respondents have violated Idaho Code § 30-14-401and 30-14-402.

CEASE AND DESIST ORDER

NOW, THEREFORE, PURSUANT TO IDAHO CODE § 30-14-604(a)(1), IT IS HEREBY ORDERED THAT BRUCE B EATON AND STOCKNET, LLC, IMMEDIATELY CEASE AND DESIST FROM:

A. While engaged in or in connection with the offer, or sale, of any security in the state of Idaho:

(1) Employing any device, scheme or artifice to defraud any purchasers of securities in Idaho;

(2) making any untrue statement of material fact or omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading;

(3) Engaging in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person.

ACKNOWLEGMENT, AGREMENT AND CONSENT BY RESPONDENT

1. The Respondents consent to the entry of this Order.

2. The Respondents neither admit nor deny the violations alleged by the Complainant in this Order.

3. The Respondents agree to provide to the Department, a list, including names, addresses and amount of contribution, of all investors who have purchased a membership or other interest in Stocknet, LLC.

4. Respondents agree to pay restitution to all Idaho investors who have purchased memberships in or provided money to Stocknet, LLC or to Eaton for participation in a

profit sharing program. Respondents agree to submit their proposed restitution documents to the Director within thirty (30) days of the date of this Order for his review and approval in advance of repayment to Idaho investors. Said restitution shall be made to Idaho residents not later than ninety (90) days from the date of this Order.

5. Respondents agree to not solicit any further memberships or investments in or from Idaho unless and until the offerings and the sales agents are in compliance with of the Idaho Securities Act.

6. Respondents agree to pay the Complainant a civil penalty in the amount of seven hundred fifty ($750). Said fine shall be paid in three equal installments of two hundred fifty dollars ($250) with payments to be made on or before March 30, 2007, June 30, 2007 and September 30, 2007.

7. Respondents agree not to claim the availability of, use, or offer or sell securities under, any exemptions under the Idaho Uniform Securities Act (2004) without first obtaining the written permission of the Director of the Idaho Department of Finance.

8. Respondents represent that they have ceased all investment related activities and agree to provide the Department with a written business plan for the Department's approval or comment prior to the continuation of any investment related activities or related publishing activities.

9. Respondents agree to abide by the Idaho Uniform Securities Act (2004). In the event that Respondents commit violations of the Idaho Uniform Securities Act within three (3) years of the date of this Order, Respondents acknowledge that Complainant can incorporate the allegations giving rise to this Order in any future proceeding.

10. The foregoing Cease and Desist Order is necessary and appropriate, in the public

interest, and for the protection of the public.

IT IS SO ORDERED.

DATED this 11 day of December, 2006.

GAVIN M. GEE, Director
Idaho Department of Finance

ACKNOWLEGMENT, AGREEMENT AND CONSENT

Bruce Eaton Date 1-11-07
Bruce B. Eaton

ACKNOWLEGMENT, AGREEMENT AND CONSENT

Bruce Eaton President Date 1-11-07
Stocknet, LLC by Bruce B. Eaton