

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF DETERMINING
Whether there has been a violation
of the Business Opportunity Fraud Act of the
State of Washington by:

Teleking Communications Corporation, Frank
Schreiber, Kathy DeLuglis, Jeff Kuba, its agents
and employees,

Respondents.

S-02-356-02-TO01

SUMMARY ORDER TO CEASE AND DESIST

Case No. 02-356

THE STATE OF WASHINGTON TO:

Teleking Communications Corporation
Frank Schreiber, President
11900 Biscayne Boulevard, Suite 620
Miami, Florida 33181

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the State of Washington has reason to believe that Respondents, Teleking Communications Corporation, Frank Schreiber, Kathy DeLuglis, Jeff Kuba, their agents and employees, have violated the Business Opportunity Fraud Act and that their violations justify the entry of an order of the Securities Administrator under RCW 19.110.150 to cease and desist from such violations. The Securities Administrator finds that delay in ordering the Respondents to cease and desist from such violations would be hazardous to the investors and to the public and that a Summary Order to Cease and Desist should be entered immediately. The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

I. Respondents

1. Teleking Communications Corporation (“Teleking”) is a Florida corporation with a principal place of business at 11900 Biscayne Boulevard, Suite 620, Miami, Florida 33181. Teleking offers a business opportunity selling pre-paid telephone cards.
2. Frank Schreiber (“Schreiber”) was the president of Teleking at all times relevant to the matter.
3. Kathy DeLuglis (“DeLuglis”) was a sales representative for Teleking at all times relevant to this matter.
4. Jeff Kuba (“Kuba”) was a sales representative for Teleking at all times relevant to this matter.

II. Nature of the Business Opportunity

1. In May 2002, Teleking placed an advertisement on a television broadcast that was viewed by Washington residents. The advertisement informed viewers of the opportunity to become a pre-paid telephone card distributor. This advertisement caused at least one Washington resident to contact Teleking to obtain further information.
2. The Washington resident called 1-866-444-4112, spoke with a sales representative, and requested more information. The Washington resident received a package of information from Teleking. The package contained a “Purchase Order”, descriptions of the business opportunity and products, a location lease agreement, and a self-addressed envelope.
3. Within a few days, the Washington resident received a telephone call from Kathy DeLuglis, a sales representative for Teleking. DeLuglis told the Washington resident that the cost to become a distributor was \$12,150. Further, Teleking had 20 locations in the local area where the

1 Washington resident could place the telephone card displays. The Washington resident told
2 DeLuglis that the price was too high.

- 3 4. A short time later, Jeff Kuba, another sales representative, called the Washington resident and
4 said that Teleking would drop the required investment to \$6,150 because the demand for the
5 telephone cards was so great in the area. For that price, the purchaser would receive four display
6 cases and a supply of telephone cards. Further, Teleking would provide the purchaser with a
7 locating service.
- 8 5. Kuba instructed the Washington resident in filling out the "Purchase Order". He instructed the
9 Washington resident to fill in name, address, birthday, telephone number, number of display
10 cases, and the value of the telephone cards to be delivered. Under the section titled "special
11 provisions", Kuba instructed the purchaser to write: "Teleking will provide all locations, posters
12 and rate charts for life of business." He then instructed the purchaser to place the purchase order
13 and the check in an envelope. Kuba then contacted Federal Express to pick up the envelope at the
14 Washington resident's home.
- 15 16. In June 2002, the Washington resident received the shipment of telephone cards. The
16 Washington resident called Teleking and spoke with his "locator", a woman named Lisa. Lisa
17 told the Washington resident that the cards had been activated. On June 19, 2002 Lisa gave the
18 Washington resident the names of four local businesses. The Washington resident placed a
19 supply of telephone cards at one business location, but when the cards were sold to customers, the
20 customers then complained that the cards had not been activated.
21
22
23

1 7. Teleking, DeLuglis, and Kuba failed to provide the Washington resident with a business
2 opportunity disclosure document and recent financial statements for Teleking Communications
3 Corporation.

4 III. Registration

5 Teleking Communications Corporation, Frank Schreiber, Kathy DeLuglis, and Jeff Kuba are not
6 currently registered to sell business opportunities in the state of Washington and have not previously
7 been so registered.

8 IV. Emergency

9 The Securities Administrator finds that the continued offering of the pre-paid telephone card
10 business opportunity by Respondents in the manner described in Tentative Finding of Fact, presents a
11 threat to the investing public. An emergency exists, in that further sales of the business opportunity
12 described above would be hazardous to investors and the public of the state of Washington.

13 Based upon the above Tentative Findings of Fact, the following Conclusions of Law are made:
14

15 CONCLUSIONS OF LAW

16 I.

17 The offer and/or sale of the pre-paid telephone card business opportunity offered by Teleking
18 described above constitutes the offer and/or sale of a business opportunity as defined in RCW
19 19.110.020(1).
20
21
22
23

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27

II.

The offer and/or sale of said business opportunity is in violation of RCW 19.110.050 because no registration or notification of claim of exemption for such offer and/or sale is on file with the Administrator of Securities, state of Washington.

III.

The offer and/or sale of said business opportunity was made in violation of RCW 19.110.120 because Respondents, Teleking Communications Corporation, Frank Schreiber, Kathy DeLuglis, Jeff Kuba, their agents and employees, failed to provide material information concerning Teleking Communications Corporation; including but not limited to disclosure documents and financial statements for Teleking Communications Corporation.

The Securities Administrator concludes that an emergency exists, that the continued violations of RCW 19.110.050 and RCW 19.110.120 constitute a threat to the investing public, and that summary orders to cease and desist from those violations is in the public interest and necessary for the protection of the investing public.

SUMMARY ORDER

Based on the foregoing, NOW, THEREFORE, IT IS HEREBY SUMMARILY ORDERED That Teleking Communications Corporation, Frank Schreiber, Kathy DeLuglis, Jeff Kuba, its agents and employees, each cease and desist from offering and/or selling business opportunities in any manner in

1 violation of RCW 19.110.050, the section of the Business Opportunity Fraud Act requiring
2 registration.

3 It is further SUMMARILY ORDERED That, Teleking Communications Corporation, Frank
4 Schreiber, Kathy DeLuglis, Jeff Kuba, its agents and employees each cease and desist from offering
5 and/or selling business opportunities in any manner in violation of RCW 19.110.120, the anti-fraud
6 section of the Business Opportunity Fraud Act.

7
8 **AUTHORITY AND PROCEDURE**

9 This Order is entered pursuant to the provisions of RCW 19.110.150 and is subject to the
10 provisions of Chapter 34.05 RCW. The Respondents, Teleking Communications Corporation, Frank
11 Schreiber, Kathy DeLuglis, and Jeff Kuba each may make a written request for a hearing as set forth
12 in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING
13 accompanying this order.

14
15 If a respondent does not request a hearing, the Securities Administrator intends to adopt the above
16 Tentative Findings of Fact and Conclusions of Law as final and make the summary order to cease and
17 desist permanent as to that respondent.

1
2
3
4 WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.

5 DATED this 4th day of February 2003.
6
7

8 

9
10 DEBORAH R. BORTNER
11 Securities Administrator

12 Presented by:

13
14
15 _____
16 Susan Anderson
17 Financial Legal Examiner

18 Approved by:

19
20
21 _____
22 Michael E. Stevenson
23 Chief of Enforcement