



5. That this Affidavit is declared filed of record as of the date set forth below in compliance with Section 818 of the Act.

FURTHER AFFIANT SAYETH NOT.

Dated this 23rd day of May, 2007.

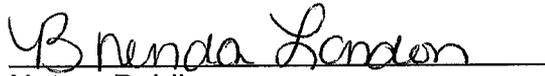
(SEAL)



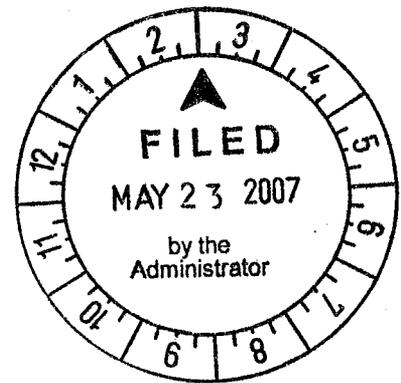
IRVING L. FAUGHT, ADMINISTRATOR OF THE  
OKLAHOMA DEPARTMENT OF SECURITIES

Subscribed and sworn to before me this 23rd day of May, 2007.

  
BREND A LONDON  
Notary Public  
State of Oklahoma  
Commission # 05009046 Expires 09/28/09

  
Notary Public

STATE OF OKLAHOMA  
DEPARTMENT OF SECURITIES  
THE FIRST NATIONAL CENTER, SUITE 860  
120 NORTH ROBINSON  
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

Cards-R-Us LTD., Paul Blair, Luis Alcalá,  
Bob Kelton, Mike Nash, and Keith Brooks,

Respondents.

ODS File No. 07-075

**NOTICE OF OPPORTUNITY FOR HEARING**

Pursuant to Section 813 of the Oklahoma Business Opportunity Sales Act (Act), Okla. Stat. tit. 71, §§ 801-829 (2001), the Oklahoma Department of Securities (Department) conducted an investigation into the activities of Cards-R-Us LTD. (Cards R Us), Paul Blair (Blair), Luis Alcalá (Alcalá), Bob Kelton (Kelton), Mike Nash (Nash), and Keith Brooks d/b/a Prudential Marketing Company (Brooks) (collectively, the "Respondents"), in connection with the offer and/or sale of business opportunities in and/or from the state of Oklahoma.

2. On the 23rd day of May, 2007, the attached Enforcement Division Recommendation (Recommendation) was filed with the Administrator of the Oklahoma Department of Securities (Administrator).

3. Pursuant to Section 814.B of the Act, the Administrator hereby gives notice to Respondents of their right to request a hearing to show why an order based on the Recommendation should not be issued.

4. The request for a hearing on the Recommendation must be received by the Administrator within fifteen (15) days after service of this Notice. Pursuant to Section 814.B of the Act, failure to request a hearing as provided for herein shall result in the issuance of an order against Cards R Us, Blair, Alcalá, Kelton, Nash and Brooks to cease and desist from the offer and sale of business opportunities in violation of Sections 806 and 819 of the Act.

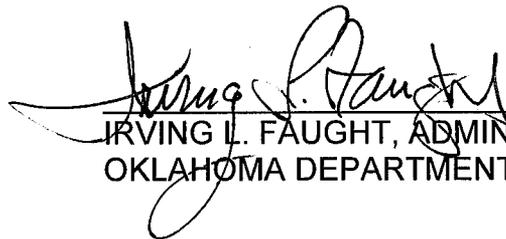
5. The request for hearing shall be in writing and Respondents shall specifically admit or deny each allegation made in the Recommendation as required by 660:2-9-1(c) of the Rules of the Oklahoma Securities Commission and the Administrator of the Department of Securities (Rules).

6. Upon receipt of a written request, pursuant to 660:2-9-2 of the Rules, a hearing on this Notice shall be set within sixty (60) days or a written order denying hearing shall be issued.

7. Notice of the date, time, and location of the hearing shall be given to Respondents not less than ten (10) days in advance thereof pursuant to 660:2-9-3(a) of the Rules. Additionally, the notice may contain matters to supplement this Notice and the Recommendation attached hereto.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities, this 23rd day of May, 2007.

(SEAL)



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IRVING L. FAUGHT, ADMINISTRATOR OF THE  
OKLAHOMA DEPARTMENT OF SECURITIES

CERTIFICATE OF MAILING

The undersigned hereby certifies that on the 23rd day of May, 2007, a true and correct copy of the above and foregoing Notice of Opportunity for Hearing and attached Enforcement Division Recommendation was mailed by certified mail, return receipt requested, delivery restricted, with postage prepaid thereon, addressed to:

Cards-R-Us Ltd.  
1135 Terminal Way, Suite 106  
Reno, Nevada 89502-2143

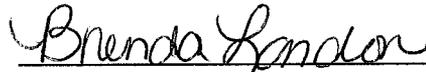
Paul Blair  
1135 Terminal Way, Suite 106  
Reno, Nevada 89502-2143

Luis Alcala  
1135 Terminal Way, Suite 106  
Reno, Nevada 89502-2143

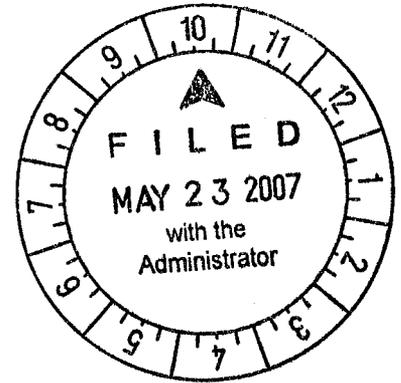
Bob Kelton  
1135 Terminal Way, Suite 106  
Reno, Nevada 89502-2143

Mike Nash  
1135 Terminal Way, Suite 106  
Reno, Nevada 89502-2143

Keith Brooks  
1135 Terminal Way, Suite 106  
Reno, Nevada 89502-2143

  
Brenda London  
Paralegal

STATE OF OKLAHOMA  
DEPARTMENT OF SECURITIES  
THE FIRST NATIONAL CENTER, SUITE 860  
120 NORTH ROBINSON  
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

Cards-R-Us LTD., Paul Blair, Luis Alcala,  
Bob Kelton, Mike Nash, and Keith Brooks,

Respondents.

ODS File No. 07-075

**ENFORCEMENT DIVISION RECOMMENDATION**

Pursuant to the Oklahoma Business Opportunity Sales Act (Act), Okla. Stat. tit. 71, §§ 801-829 (2001), an investigation was conducted into the activities of Cards-R-Us LTD. (Cards R Us), Paul Blair (Blair), Luis Alcala (Alcala), Bob Kelton (Kelton), Mike Nash (Nash), and Keith Brooks d/b/a Prudential Marketing Company (Brooks) (collectively, the "Respondents"), in connection with the offer and/or sale of a business opportunity in and/or from the state of Oklahoma. Based thereon, the following Findings of Fact, Authorities and Conclusions of Law are submitted to the Administrator of the Oklahoma Department of Securities (Administrator) in support of the issuance of an order to cease and desist against Respondents.

**Findings of Fact**

1. Cards R Us was incorporated in the state of Nevada on December 3, 1996. Cards R Us represents that it is located at 1135 Terminal Way, Suite 106, Reno, Nevada, and is in the business of selling greeting card distributorships. Cards R Us maintains a web site at <http://cardsrus-ltd.com/>.
2. Blair is president of Cards R Us.
3. Alcala is a director and the secretary of Cards R Us.
4. Kelton and Nash are sales agents for Cards R Us.
5. Brooks provides locator services for Cards R Us.

6. On October 29, 2006, the following ad appeared in the business opportunity section of the *Sunday Oklahoman*:

Hallmark American Greeting  
Card Company. Be part of  
an 8 billion dollar industry.  
Own your own business.  
**Call 24/7 1-800-797-4133**

7. L. Stewart (Stewart), an Oklahoma resident, telephoned the number contained in the ad and was told that a promotional packet explaining the greeting card business would be sent to him.

8. In or about January 2007, Stewart called Cards R Us at the same telephone number and spoke to Nash. Stewart requested that another promotional packet be sent to him. Nash spoke with Stewart about the business card distributorship being offered by Cards R Us and agreed to mail Stewart another promotional packet. Shortly thereafter, Stewart received the promotional packet containing a brief description of the distributorship, the costs of purchasing a distributorship and profit data on the distributorship based upon the level of participation chosen by the distributor.

9. The promotional packet received by Stewart contained materials that stated that Cards R Us would supply and replenish distributors with a variety of greeting cards at a low wholesale price. The cards, to be displayed on racks purchased by distributors, would be placed in various retail establishments in high volume, high traffic locations arranged by a locator service (Locator) recommended by Cards R Us.

10. Cards R Us guaranteed that distributors would sell a minimum of three (3) cards a day from each display rack placed by the Locator and provided that a full refund would be given to a distributor if locations could not be provided.

11. The promotional materials also set forth profit data demonstrating a distributor's return on investment after four (4), six (6), eight (8) and fourteen (14) months, at each of the four levels of participation offered by Cards R Us.

12. The distributorships were offered as follows:

a. The Bronze Level Distributorship involved ten (10) greeting card display racks and sufficient greeting cards to stock the display racks and sold for a purchase price of \$19,500.

b. The Silver Level Distributorship involved twenty (20) greeting card display racks and greeting cards to stock the racks and sold for a purchase price of \$34,900. An additional three (3) display racks plus cards were offered as

a bonus for signing up at the Silver Level. Further, after a period of ninety (90) days of operation, Silver Level distributors would have the option to purchase twenty (20) more display racks that would be financed by Cards R Us.

c. The Gold Level Distributorship involved thirty (30) greeting card display racks and cards and sold for a purchase price of \$49,900. A signing bonus of three (3) additional display racks plus cards was included for signing up at the Gold Level.

d. The Platinum Level Distributorship involved fifty (50) greeting card display racks and cards and sold for a purchase price of \$79,200. In addition, those signing up at the Platinum Level obtained exclusive rights to sell greeting cards in a designated area and a bonus of five (5) display racks plus cards.

13. On or about February 1, 2007, Stewart spoke with Brooks, an agent of Locator. Brooks provided Stewart with the names, addresses and telephone numbers of two individuals that had used Locator's services and who were currently operating Cards R Us distributorships. Stewart spoke with both references who reported their distributorships were profitable and easy to manage.

14. On or about February 6, 2007, Stewart again spoke with Brooks who related to him that approximately seventy (70) prime store locations had been reserved and/or secured in Stewart's area. Brooks told Stewart he would have first right to choose the selection of twenty (20) locations plus twenty (20) additional locations if Stewart chose to exercise the purchase option provided by the Silver Level Distributorship agreement.

15. On or about February 7, 2007, Stewart signed a Silver Level Distributorship agreement and faxed it to Cards R Us. Stewart requested confirmation that the prime store locations had been secured by Locator. Blair, as president of Cards R Us, signed the agreement but failed to confirm that the prime store locations had been secured. On February 8, 2007, Stewart wired his down payment to Cards R Us in the amount of \$17,450. The funds were wired to Banco Improsa, S.A.

16. The remaining sum of \$14,450 was to be wired to Cards R Us at the time Stewart's order was ready to ship from the warehouse and the sum of \$3,000 was to be paid directly to Locator.

17. On or about February 9, 2007, Stewart requested that Cards R Us provide him with additional information about the Platinum Level Distributorship and a list of the approximately seventy (70) locations that had been secured by Locator.

18. On or about February 10, 2007, Stewart again requested that Cards R Us provide him with the locations of the retailers that had committed lease space to Cards R Us. He also asked for a copy of a typical lease agreement with stores, the identity of two references located in the Kansas, Texas and/or Oklahoma area, and confirmation that the greeting cards would be equal in quality to Hallmark cards.

19. On or about February 12, 2007, Stewart faxed a letter to Kelton requesting that his distributorship agreement be canceled for the reason that Cards R Us failed to provide him with the information concerning the distributorship that he had repeatedly requested. He also requested that his down payment of \$17,450 be refunded to him.

20. To date, Stewart has not received a response to his requests for information or a refund of his down payment.

21. The Cards R Us distributorships offered and sold by Respondents are not registered under the Act.

22. Respondents omitted to disclose the following fact in connection with the offer and sale of the distributorship: that the distributorship was not registered under the Act and was not exempt from registration under the Act.

23. Respondents made an untrue statement of a material fact necessary in order to make the statement made, in the light of the circumstances under which it was made, not misleading: that Cards R Us was located at 1135 Terminal Way, Suite 106, Reno, Nevada when in fact, Cards R Us does not maintain a physical presence at that address.

**Authorities**

1. Section 802 of the Act provides in pertinent part:

\* \* \*

3.a. "*Business opportunity*" means 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 products, equipment, supplies or services enabling the purchaser to start a business and the seller represents directly or indirectly, orally or in writing, that:

\* \* \*

(1) The seller or a person recommended by the seller will provide or assist the purchaser in finding locations for the use or operation of vending

machines, racks, display cases or other similar devices, on premises neither owned nor leased by the purchaser or seller;

\* \* \*

(5) The seller will refund all or part of the price paid to the seller, or repurchase any of the products, equipment or supplies provided by the seller or a person recommended by the seller, if the purchaser is dissatisfied with the business[.]

7. "Offer" or "offer to sell" includes every attempt to dispose of a business opportunity for value or solicitation of an offer to purchase a business opportunity.

\* \* \*

11. "Sale" or "sell" includes every contract or agreement of sale, contract to sell, disposition of a business opportunity or interest in a business opportunity for value.

2. Section 806 of the Act provides:

It is unlawful for any person to offer or sell any business opportunity, as defined in Section 802 of this title, in this state unless the business opportunity is registered under the provisions of the Oklahoma Business Opportunity Sales Act or is exempt under Section 803 of this title.

3. Section 814 of the Act provides in pertinent part:

A. Whenever it appears to the Administrator that any person has engaged in or is about to engage in any act or practice constituting a violation of any provision of the Oklahoma Business Opportunity Sales Act or any rule or order hereunder, the Administrator may:

1. Issue an order directing each person to cease and desist from continuing the act or practice and/or issue an order imposing a civil penalty up to a maximum of Five Thousand Dollars (\$5,000.00) for a single violation or transaction or of Fifty Thousand Dollars (\$50,000.00) for multiple violations or transactions in a single proceeding or a series of related proceedings[.]

4. Section 818 of the Act provides in pertinent part:

A. The provisions of the Oklahoma Business Opportunity Sales Act concerning sales and offers to sell apply to persons who sell or offer to sell when:

1. An offer to sell is made in this state;
2. An offer to purchase is made and accepted in this state; or
3. The purchaser is domiciled in this state and the business opportunity is or will be operated in this state.

\* \* \*

C. For the purpose of this section, an offer to sell is accepted in this state when acceptance:

1. Is communicated to the offeror in this state; and
2. Has not previously been communicated to the offeror, orally or in writing, outside this state; and acceptance is communicated to the offeror in this state, whether or not either party is then present in this state when the offeree directs it to the offeror in this state reasonably believing the offeror to be in this state and it is received at the place to which it is directed or at any post office in this state in the case of a mailed acceptance.

5. Section 819 of the Act provides:

It is unlawful for any person, in connection with the offer or sale of any business opportunity in this state, directly or indirectly:

\* \* \*

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

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

**Conclusions of Law**

1. The distributorship offered and sold by Respondents is a business opportunity.

2. Respondents offered and sold a business opportunity in and/or from the state of Oklahoma.

3. The offer and sale of the business opportunity by Respondents in and/or from this state without registration under the Act is a violation of Section 806 of the Act.

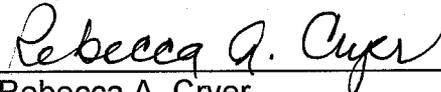
4. Respondents made an untrue statement of material fact and omitted to state material facts in connection with the offer and sale of a business opportunity in and/or from this state in violation of Section 819 of the Act.

5. Respondents engaged in acts and practices that operated as a fraud or deceit in connection with the offer and sale of a business opportunity in and/or from this state in violation of Section 819 of the Act.

WHEREFORE, it is recommended that the Administrator issue an order against Respondents to cease and desist the offer and sale of business opportunities in and/or from this state in violation of Sections 806 and 819 of the Act.

Dated this 23rd day of May, 2007.

Respectfully Submitted,



Rebecca A. Cryer  
Enforcement Attorney  
Oklahoma Department of Securities  
120 North Robinson, Suite 860  
Oklahoma City, OK 73102  
(405) 280-7700