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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

Arizona Corporation Commission

DOCKETED

JEFF HATCH-MILLER, Chairman  
WILLIAM A. MUNDELL  
MARC SPITZER  
MIKE GLEASON  
KRISTIN K. MAYES

OCT 25 2005

DOCKETED BY [Signature]

In the matter of )  
LISTO, INC., a Nevada corporation )  
668 N. 44<sup>th</sup> St., Suite 233 )  
Phoenix, Arizona 85008 )  
ROBERT SMART and JANE DOE )  
SMART, )  
husband and wife )  
#819 Donato Guerra Rep. Belice Col. )  
Machi-Lopez )  
Hermosillo, Senora, Mexico 83127 )  
KEVIN KRAUSE, an unmarried man )  
23444 N. 21<sup>st</sup> Way )  
Phoenix, Arizona 85024 )  
Respondents. )

DOCKET NO. S-03585A-05-0000

DECISION NO. 68230

**ORDER TO CEASE AND DESIST, ORDER OF RESTITUTION AND ORDER FOR ADMINISTRATIVE PENALTIES AGAINST LISTO, INC., A NEVADA CORPORATION**

On September 30, 2004, the Securities Division ("Division") of the Arizona Corporation Commission ("Commission") filed a Temporary Order to Cease and Desist and Notice of opportunity for Hearing ("Notice") with respect to Respondents Listo, Inc., a Nevada Corporation, Robert Smart and Jane Doe Smart, and Kevin Krause, an unmarried man (collectively, "Respondents"). The Division served the Notice on Listo, Inc., a Nevada corporation, ("LISTO") via personal service on one its agents on March 3, 2005 and on its statutory registered agent in Nevada via certified mail, return receipt requested on March 31, 2005. The Notice specified that LISTO would be afforded an opportunity for an administrative hearing regarding this matter upon filing a written request with Docket Control of the Commission within ten days of receipt of the Notice. LISTO failed to request a hearing within the required time.

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I.

**FINDINGS OF FACT**

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3 1. LISTO is a Nevada corporation organized on January 14, 2002. LISTO subsequently  
4 merged with GBO, Inc., a Nevada corporation, with the surviving entity retaining the name of LISTO,  
5 effective July 15, 2003. At all times relevant, the principal place of business of LISTO was 668 N.  
6 44<sup>th</sup> Street, Suite 233, Phoenix, Arizona 85008; however, LISTO has never been authorized to transact  
7 business in Arizona.

8 2. ROBERT SMART ("SMART") was at all relevant times a principal of LISTO whose  
9 last known residential address is 36640 N. Sidewinder Rd., Carefree, Arizona 85377 and last known  
10 business address is #819 Donato Guerra Rep. Belice Col. Machi-Lopez, Hermosillo, Sonora, Mexico  
11 83127.

12 3. KEVIN H. KRAUSE ("KRAUSE") was at all relevant times a principal of LISTO  
13 whose last known address is 23444 N. 24<sup>th</sup> Way, Phoenix, Arizona 85024.

14 4. Since January 2002, Respondents have been offering securities in the form of  
15 common stock in LISTO.

16 5. SMART holds himself out to be the president of LISTO and is the majority stock  
17 holder and control person of LISTO.

18 6. Respondents represent that LISTO is seeking capital for the development of oil and  
19 gas wells in the Holbrook area of Northeastern, Arizona (the "Energy Project"). The Respondents  
20 claim that the Energy Project is to be advanced through the use of land leases between LISTO and  
21 the Arizona Land Department. That claim is false. There are no land leases between Respondents  
22 and the Arizona Land Department.

23 7. Respondents have failed to explain to offerees and/or investors the risk and costs  
24 involved in the Energy Project.

25 8. Respondents also represent that LISTO is seeking capital for the development of a  
26 new community located in the Puerto Penasco (i.e., Rocky Point) district of Mexico, which

1 development plan includes condominiums, a resort style hotel, medical facilities, marina, casino,  
2 and airport, referred to as "Ciudad de La Blanca Rosa at Los Almejas" (the "Mexico Project"). The  
3 Respondents informed investors that the site of the Mexico Project was to be located in an area of  
4 Rocky Point known as "Sandy Beach," but later told investors that the site was to be on a larger  
5 parcel of property located further south in the Rocky Point district.

6 9. Respondents have claimed that the Mexico Project had commenced; however, its  
7 development has not progressed past the planning stage.

8 10. Respondents have claimed that profits received from the Energy Project would also  
9 be used to fund the Mexico Project.

10 11. Respondents have induced the public to invest in LISTO through detailed  
11 presentations about the Mexico Project and/or the Energy Project through local seminars,  
12 advertisements in the *Arizona Republic*, and, currently, an internet website located at  
13 <http://www.listoinc.com>.

14 12. Respondents have sold to investors approximately 2.3 million shares of common  
15 stock in LISTO at a purchase price ranging from \$ 0.25 to \$3.50 per share to investors for a total  
16 amount of at least \$806,875. The majority of investors are residents of Arizona.

17 13. Respondents have failed to disclose to investors that common stock in LISTO was to  
18 be issued to certain individuals without payment to the corporation or that it was sold at varying  
19 purchase prices per share, thereby diluting the value of the stock.

20 14. Respondents told investors that LISTO was to become public corporation at or  
21 around the close of 2003 and told investors that the value of common stock would then increase  
22 to approximately \$2.00 - \$7.00 per share. LISTO remains a private corporation.

23 15. Respondents failed to inform investors that KRAUSE was to receive, and did in  
24 fact receive, a commission for the sale of common stock in LISTO.

25 16. Respondents failed to inform investors that funds raised would be used to pay for  
26 the personal expenses of SMART. Upon information and belief, SMART has used investor

1 funds for the payment of personal expenses including, but not limited to, housing, living, and  
2 entertainment expenses.

3 17. The common stock in LISTO is not registered as securities in Arizona nor is it  
4 exempt from registration.

5 18. LISTO is not registered as a securities dealer in Arizona and neither SMART nor  
6 KRAUSE are registered as securities salesmen in Arizona nor are they exempt from registration.

7 **II.**

8 **CONCLUSIONS OF LAW**

9 1. The Commission has jurisdiction over this matter pursuant to Article XV of the  
10 Arizona Constitution and the Securities Act.

11 2. LISTO offered or sold securities within or from Arizona, within the meaning of  
12 A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

13 3. LISTO violated A.R.S. § 44-1841 by offering or selling securities that were neither  
14 registered nor exempt from registration.

15 4. LISTO violated A.R.S. § 44-1842 by offering or selling securities while neither  
16 registered as a dealer or salesman nor exempt from registration.

17 5. LISTO violated A.R.S. § 44-1991 by (a) employing a device, scheme or artifice to  
18 defraud, (b) making untrue statements or misleading omissions of material facts, and (c) engaging  
19 in transactions, practices or courses of business which operate or would operate as a fraud or  
20 deceit.

21 6. LISTO'S conduct is grounds for a cease and desist order pursuant to A.R.S. § 44-  
22 2032.

23 7. LISTO'S conduct is grounds for an order of restitution pursuant to A.R.S. § 44-  
24 2032.

25 8. LISTO'S conduct is grounds for administrative penalties under A.R.S. § 44-2036.  
26

III.

ORDER

THEREFORE, on the basis of the Findings of Fact, Conclusions of Law, the Commission finds that the following relief is appropriate, in the public interest, and necessary for the protection of investors:

IT IS ORDERED, pursuant to A.R.S. § 44-2032, that LISTO, and any of LISTO'S agents, employees, successors and assigns, permanently cease and desist from violating the Securities Act. LISTO shall not sell any securities in or from Arizona without being registered in Arizona as dealers or salesmen, or exempt from such registration. LISTO shall not sell securities in or from Arizona unless the securities are registered in Arizona or exempt from registration.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2032, that LISTO shall pay restitution to investors shown on the records of the Commission in the amount of \$806,875.00, plus interest at the rate of 10% per annum from the date of this Order until paid in full. Payment shall be made by cashier's check or money order payable to the "State of Arizona" to be placed in an interest-bearing account maintained and controlled by the Commission. The Commission shall disburse the funds on a pro rata basis to investors. Any funds that the Commission is unable to disburse shall be transferred to the general fund of the state of Arizona. If LISTO does not comply with this order of restitution, any outstanding balance shall be deemed in default and shall be immediately due and payable without notice or demand.

IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that the LISTO shall pay an administrative penalty in the amount of \$100,000, payable to the "State of Arizona." Payment shall be made in full by cashier's check or money order on the date of this Order. If LISTO does

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1 not comply with this order for administrative penalties, any outstanding balance shall be deemed in  
2 default and shall be immediately due and payable without notice or demand. All outstanding  
3 administrative penalty amounts shall accrue interest at the rate of 10% per annum until paid in full.

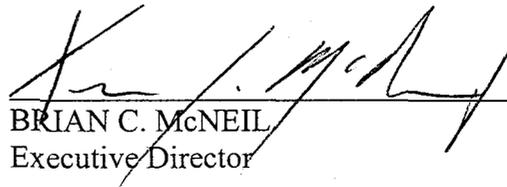
4 IT IS FURTHER ORDERED that this Order shall become effective immediately.

5 BY ORDER OF THE ARIZONA CORPORATION COMMISSION

6  CHAIRMAN  COMMISSIONER

9  COMMISSIONER  COMMISSIONER  COMMISSIONER

11  
12 IN WITNESS WHEREOF, I, BRIAN C. McNEIL,  
13 Executive Director of the Arizona Corporation  
14 Commission, have hereunto set my hand and caused the  
15 official seal of the Commission to be affixed at the  
16 Capitol, in the City of Phoenix, this 25<sup>th</sup> day of  
17 October, 2005.

18   
19 BRIAN C. McNEIL  
20 Executive Director

21 \_\_\_\_\_  
22 DISSENT

23 \_\_\_\_\_  
24 DISSENT

25 This document is available in alternative formats by contacting Linda Hogan, Executive Assistant  
26 to the Executive Director, phone number (602) 542-3931, E-mail [lhogan@azcc.gov](mailto:lhogan@azcc.gov)

(JC)