

BEFORE THE DIRECTOR OF THE DEPARTMENT OF FINANCE

OF THE STATE OF IDAHO

STATE OF IDAHO, Department of Finance,
Securities Bureau,
Complainant,

vs.

LinkNet, Inc.,
fka Infolink, Inc.
Respondent

Docket No. 2000-7-9

AGREEMENT AND ORDER

The Director of the Department of Finance has instituted an investigation into the offer, sale and issuance of securities by LinkNet, Inc. Pursuant to said investigation, it appears to the Director that violations of the Idaho Securities Act, Idaho Code §30-1401 et seq., have occurred. The Director and the named Respondent have agreed to resolve this matter without a public hearing or court proceedings. Therefore, the Director deems it appropriate and in the public interest that this Agreement and Order be entered. Respondent consents to the entry of this Agreement and Order.

Respondent

1. Respondent LinkNet, Inc. is a Utah corporation conducting business from 155 South 300 West, Suite 206, Salt Lake City, Utah.

2. Respondent purports to be in the business of providing low-cost, long distance phone services to various clients by applying "frame relay technology" through proprietary networks owned and controlled by Respondent.

Background

3. Beginning on a date uncertain, but at least since October 1999, officers, directors, employees and agents of Respondent have offered and sold, or aided and abetted in the offer and sale of investments in the form of common stock to multiple Idaho residents.

4. The stock offered and sold in Idaho was never registered or otherwise qualified for sale under the Idaho Securities Act. Many of the Idaho investors were not sophisticated investors nor accredited investors as defined under Federal Regulation D.

5. The offering materials used, and the oral solicitations made, failed to provide complete disclosures regarding the investment, including a description of all material risks associated with an investment in the company and the then current financial condition of the company.

6. The offering materials distributed by Respondent represent that LinkNet's "existing contracts, along with additional companies that have expressed interest in our System, will bring in between \$300,000 to \$400,000 per month gross, with a net of 50%". The offering materials failed to disclose that the company had operated at a loss of more than \$1.5 million during the preceding twelve months and that the preceding year's revenues were less than \$450,000.

Findings of Violations

7. The common stock offered is a security as defined under Idaho Code §30-1402(12).

8. The offering documents distributed to investors contained inadequate disclosure such that omissions of material fact occurred in violation of Idaho Code §30-1403(2). Respondent has violated Idaho Code §30-1403(2).

9. The offering was conducted in violation of the salesperson and securities registration provisions of the Idaho Securities Act. Respondent has violated Idaho Code §§30-1406 and 30-

Remedies

Complainant and Respondent hereby agree as follows:

1. Respondent represents that the information provided to Complainant in its investigation of this matter is accurate and complete.

2. Respondent admits that the securities offered and sold in Idaho were not registered or otherwise qualified for sale under the Idaho Securities Act.

3. Respondent admits that the officers, employees and agents used to solicit investors in Idaho were not registered or otherwise qualified to act as securities salespersons under the Idaho Securities Act.

4. While Complainant has alleged violations of the anti-fraud provisions of the Idaho Securities Act, Respondent neither admits nor denies that any anti-fraud violations have occurred.

5. Respondent agrees to provide rescission to all Idaho investors that have invested in the stock offering. Respondent also agrees to submit its proposed rescission offering documents to the Director within thirty (30) days of the date of this Order for his review and approval in advance of the offer of rescission to Idaho investors. Said rescission offer shall be made to Idaho residents not later than sixty (60) days from the date of this Order. All persons who accept the offer of rescission shall be paid within forty-five (45) days of the date of acceptance of the rescission offer.

6. Respondent agrees to not solicit any further investments in Idaho unless and until the securities and the sales agents are properly qualified pursuant to the Idaho Securities Act.

7. Respondent agrees to not claim the availability of, use, or offer or sell securities under, any exemptions under the Idaho Securities Act without first providing written notice of the

proposed activity to the Director. Said written notice shall be provided at least thirty (30) days in advance of the Respondent's proposed activities in Idaho.

8. Respondent agrees to abide by the Idaho Securities Act. In the event that Respondent commits violations of the Idaho Securities Act within three (3) years of the date of this Order, Respondent acknowledges that Complainant can incorporate the allegations giving rise to this Order in any future proceeding.

9. Respondent agrees to pay to Complainant a fine in the amount of ten thousand dollars (\$10,000.00). Said fine will be paid within thirty (30) days of the date of this Order.

DONE AND DATED at Boise, Idaho, this ____ day of February, 2000.

LINKNET, INC.

BY:

Allen Johnson

NAME:

ALLEN JOHNSON

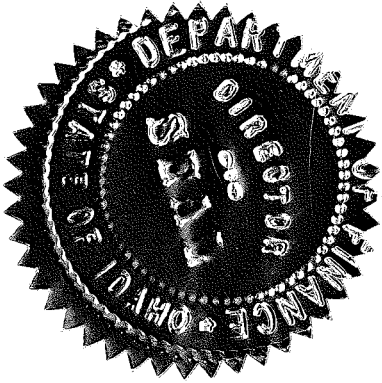
Title:

PRESIDENT

Marilyn Scanlan

MARILYN T. SCANLAN
Bureau Chief, Securities Bureau
Department of Finance
State of Idaho

IT IS SO ORDERED This 2ND day of ~~February~~ ^{MARCH}, 2000.



GAVIN M. GEE
Director of Finance