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BRYAN K. BROWN
MEMBER

SSB Docket No. 03-033

IN THE MATTER OF
EUROPEAN INVESTMENT TRUST
AND WILLIAM K. MADDISON

§
§
§

Order No. CDO-1525

TO: European Investment Trust
4 Place du Temple
Carouge, CH 1227, Switzerland

William K. Maddison
4 Place du Temple
Carouge, CH 1227, Switzerland

EMERGENCY CEASE AND DESIST ORDER

This is your OFFICIAL NOTICE of the issuance by the Securities Commissioner of the State of Texas ("Securities Commissioner") of an EMERGENCY CEASE AND DESIST ORDER pursuant to Section 23-2 of The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et seq. (Vernon 1964 & Supp. 2003) ("Texas Securities Act").

The Staff of the Enforcement Division ("the Staff") of the Texas State Securities Board ("the Securities Board") has presented evidence sufficient for the Securities Commissioner to find that:

FINDINGS OF FACT

1. European Investment Trust ("Respondent EIT") purports to be a group of professional investors from Switzerland that maintains a business address of 4 Place du Temple, Carouge, CH 1227, Switzerland.
2. William K. Maddison ("Respondent Maddison") is identified herein as a natural person who is the Chief Executive Officer of Respondent EIT and who maintains a business address of 4 Place du Temple, Carouge, CH 1227, Switzerland.
3. On or about July 31, 2003, a Texas resident (the "Offeree") received an electronic mail solicitation with a subject that read in part: *Solid Investment Opportunity!* This

electronic mail solicitation made available the opportunity to purchase a "safe" and "reliable" investment through Respondent EIT for a minimum purchase of \$50.00. The electronic mail solicitation directed the Offeree to the Internet website accessible at <http://www.europeaninvestmenttrust.com> (the "European Trust Website").

4. The Offeree thereafter reviewed the European Trust Website. The European Trust Website represented that Respondent EIT was first organized during July, 1997, by a group of investment bankers in Switzerland. The Chief Executive Officer of Respondent EIT was identified therein as being Respondent Maddison.

The European Trust Website indicated that an investment through Respondent EIT would entitle the Offeree to a non-compounding return of 16.5% per week over a term of fifty-two weeks and that the Offeree's principal investment would be "locked in" and returned upon the expiration of this fifty-two week term. The European Trust Website further indicated that the Offeree would receive all such payments on a weekly basis and that such payments would be directed to an "eCurrency account" or to a "free anonymous Cirrus ATM Debit Card." The European Trust Website noted that Respondent EIT has sold this investment to "several thousand new members" during the preceding twelve months.

5. The European Trust Website indicated that Respondent EIT currently maintains an investment portfolio that includes bank debentures, stocks, bonds and money market accounts. The European Trust Website did not, however, specify the manner in which the Offeree's funds would be used by Respondent EIT when and if the Offeree made an investment through Respondent EIT. The European Trust Website explained that the Offeree would only be entitled to information relevant to Respondent EIT's investment analysis and portfolio once the Offeree had actually invested with Respondent EIT.
6. The European Trust Website indicated that the Offeree could immediately submit payment for the purchase of an investment through Respondent EIT through the Internet via E-gold, E-bullion, Stormpay or Netpay. The European Trust Website also indicated that Offeree could wire transfer the funds needed to purchase this investment from the Offeree's bank account.
7. The European Trust Website represented that Respondent EIT would pay the Offeree for any referrals that the Offeree makes to Respondent EIT. The European Trust Website indicated that the Offeree would receive a "reward" valued at ten percent of the value of each investment made by an individual who the Offeree referred to Respondent EIT.
8. On or about August 1, 2003, the Offeree received an electronic mail message from an individual identified as Respondent Maddison that purported to be sent from an electronic mail address identified as admin@europeaninvestmenttrust.com. This electronic mail message referred to the investment made available through Respondent EIT as the "Investment Program" and indicated that Respondent

Maddison would provide instructions regarding the transfer of funds from the Offeree's bank to Respondent EIT should the Offeree purchase an interest in the Investment Program.

9. The Investment Program made available through Respondent EIT that is identified and described herein has not been registered by qualification, notification or coordination and no permit has been granted for its sale within the State of Texas.
10. Respondent EIT and Respondent Maddison (collectively "Respondents") have not been registered with the Securities Commissioner as securities dealers, agents, investment advisers or investment adviser representatives at any time material hereto and Respondents have not submitted notice-filings to the Securities Commissioner as investment advisers or investment adviser representatives at any time material hereto.
11. The statements made by Respondents that indicated that the Offeree would be entitled to a fixed return paid in weekly installments are misleading in light of the fact that Respondents failed to disclose how Respondent EIT would use the Offeree's funds.
12. The statements made by Respondents that indicated that the Offeree's principal investment was "safe" and would be "locked in" and returned upon the expiration of the fifty-two week term are misleading in light of the fact that Respondents failed to define the phrase "locked in" or describe in any detail the manner in which such funds would be maintained or administered by Respondent EIT.
13. The statements made by Respondents that indicated that the Offeree would be paid for referrals are misleading in light of the fact that Respondents failed to disclose that the Texas Securities Act would require the Offeree to be registered with the Securities Commissioner as a dealer or an agent in order to offer for sale or sell the Investment Program in Texas and to receive compensation for such actions.

CONCLUSIONS OF LAW

1. The Investment Program made available through Respondent EIT that is identified and described herein is an evidence of indebtedness and is, therefore, a "security" as that term is defined in Section 4.A of the Texas Securities Act.
2. Respondents engaged in the offer for sale of the above-described security in Texas as the term "offer for sale" is defined in Section 4.E of the Texas Securities Act.
3. Respondents violated Section 7 of the Texas Securities Act by offering for sale the above-described security in Texas without the security being registered with the Securities Commissioner.

4. Respondents have acted as “dealers” in securities or “agents” of dealers in securities as those terms are defined in Sections 4.C and 4.D of the Texas Securities Act.
5. Respondents violated Section 12 of the Texas Securities Act by offering securities for sale in Texas without being registered pursuant to Section 12 of the Texas Securities Act.
6. Respondents made an offer containing a statement that is materially misleading or otherwise likely to deceive the public by indicating that the Offeree would be entitled to a fixed return paid in weekly installments and failing to disclose how Respondent EIT would use the Offeree’s principal investment.
7. Respondents made an offer containing a statement that is materially misleading or otherwise likely to deceive the public by indicating that the Offeree’s principal investment was “safe” and would be “locked in” and returned upon the expiration of the fifty-two week term and failing to define the phrase “locked in” or to describe in any detail the manner in which such funds would be maintained or administered by Respondent EIT.
8. Respondents made an offer containing a statement that is materially misleading or otherwise likely to deceive the public by indicating that the Offeree would be paid for referrals and failing to disclose that the Texas Securities Act would require the Offeree to be registered with the Securities Commissioner as a dealer or an agent in order to offer for sale or sell the Investment Program in Texas and to receive compensation for such actions.
9. Respondents’ conduct, acts and practices threaten immediate and irreparable harm to the public.
10. The foregoing violations constitute bases for the issuance of an Emergency Cease and Desist Order pursuant to Section 23-2 of the Texas Securities Act.

ORDER

1. It is therefore ORDERED that Respondents immediately CEASE AND DESIST from acting as securities dealers or agents in Texas until Respondents are registered with the Securities Commissioner or an available exemption is utilized.
2. It is further ORDERED that Respondents immediately CEASE AND DESIST from offering securities in Texas until the securities have been registered with the Securities Commissioner or an available exemption is utilized.
3. It is further ORDERED that Respondents immediately CEASE AND DESIST from offering securities in Texas through an offer containing a statement that is materially misleading or otherwise likely to deceive the public.

NOTICE

Pursuant to Section 23-2 of the Texas Securities Act, you may request a hearing before the 31st day after the date you were served with this Order. The request for a hearing must be in writing, directed to the Securities Commissioner, stating the grounds for the request to set aside and modify the Order. Failure to request a hearing will result in the Order becoming final and non-appealable.

You are advised under Section 29.D of the Texas Securities Act that any knowing violation of an order issued by the Securities Commissioner under the authority of Section 23-2 of the Texas Securities Act is a criminal offense punishable by a fine of not more than \$5,000, or imprisonment in the penitentiary for not more than two years, or by both fine and imprisonment.

SIGNED AND ENTERED by the Securities Commissioner this 5th day of August, 2003.

Denise Voigt Crawford

DENISE VOIGT CRAWFORD
Securities Commissioner