

STATE OF NORTH DAKOTA

BEFORE THE

COUNTY OF BURLEIGH

SECURITIES COMMISSIONER

In the Matter of I2U, Inc. and)
Harold Richard Mladek,)
)
)
Respondents.)

CEASE AND DESIST ORDER,
ORDER OF RESCISSION, NOTICE
OF CIVIL PENALTY, AND
NOTICE OF RIGHT TO
REQUEST A HEARING

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THE SECURITIES COMMISSIONER OF THE STATE OF NORTH DAKOTA TO I2U,
INC. AND HAROLD RICHARD MLADEK:

The North Dakota Securities Commissioner has a reasonable basis to believe that the Respondents have engaged in, are engaging in, or are about to engage in, acts, practices or transactions, as more fully described below, which are prohibited under Chapter 10-04 of the North Dakota Century Code (N.D.C.C.). It is necessary and appropriate in the public interest and for the protection of investors to restrain these acts, practices, or transactions of the Respondents.

1. Respondent, I2U, Inc. (I2U) is a corporation headquartered in Bismarck, ND. I2U has issued securities that are not registered or exempt from registration, as required by Section 10-04-04 N.D.C.C. I2U is not now and has never been registered as a broker-dealer in North Dakota.
2. Respondent, Harold Richard Mladek, has been a resident of North Dakota since June of 2005. Mladek is not now and has never been registered as an agent in North Dakota.

3. From June through the current date, the Respondents have offered I2U stock to several North Dakota residents, and sold stock in I2U to at least six residents of North Dakota. The stock constitutes a security pursuant to Section 10-04-02(15) N.D.C.C.
4. The I2U securities have not been registered with the Securities Department under Section 10-04-07; Section 10-04-07.1; Section 10-04-08; or Section 10-04-08.1 N.D.C.C.; are not exempt securities under Section 10-04-05 N.D.C.C; and have not been offered for sale or sold in exempt transactions under Section 10-04-06 N.D.C.C.; and are not federal covered securities or have not properly filed as federal covered securities under Section 10-04-08.4 N.D.C.C.
5. In connection with the offer and sale of these securities, the Respondents have made false oral and written statements to investors, potential investors, and the public. The offering materials also omit material facts. These material omissions and misrepresentations were made in violation of Section 10-04-15 N.D.C.C.
6. In connection with the securities offering, respondents have made filings with the Securities Department. The filings were false and misleading, in that they misrepresented the nature of the investment being sold. These misrepresentations were made in violation of Section 10-04-15 N.D.C.C.

NOW, THEREFORE, IT IS ORDERED, pursuant to Section 10-04-16 N.D.C.C., that the Respondent shall immediately **CEASE AND DESIST**:

1. From offering for sale or selling in North Dakota the subject investment, or any other investment interest however denominated, unless and until such investment interests have been registered with the Securities Commissioner.
2. From offering for sale or selling investments in North Dakota unless and until they have registered with the Securities Commissioner as dealers or agents.
3. From engaging in a scheme or artifice to defraud investors, or from engaging any fraudulent or deceptive practices in connection with the offer and/or sale of securities in this state.

This order does not prohibit the offer or sale of securities through exempt securities transactions under §10-04-06 N.D.C.C., nor does it prohibit registered dealers and agents from offering or selling exempt securities under §10-04-05 N.D.C.C. or federal covered securities offered pursuant to a notice filing made to the Securities Department pursuant to Section 10-04-08.4 N.D.C.C.

YOU ARE NOTIFIED that any willful violation of this order is a Class B Felony pursuant to Section 10-04-18(1) N.D.C.C. Pursuant to Section 12.1-32-01(3) N.D.C.C., a Class B Felony is punishable by a \$10,000 fine and 10 years' imprisonment, with respect to a natural person. Pursuant to Section 12.1-32-01.1(2) N.D.C.C., a Class B Felony is punishable by a \$35,000 fine with respect to an organization.

YOU ARE FURTHER NOTIFIED that, pursuant to §12.1-09-03 N.D.C.C., a person is guilty of a criminal offense if he intentionally "alters, destroys, mutilates,

conceals, or removes a record, document, or thing with intent to impair its verity or availability" in an official proceeding. As such, intentional destruction of any documents related to this matter may result in criminal prosecution.

ORDER FOR RESCISSION

Pursuant to Section 10-04-17 N.D.C.C. every securities sale made in violation of the Securities Act is voidable, and the purchaser of the security is entitled to a return of principle, plus interest at the rate of 6% per annum. Pursuant to Section 10-04-16(1) N.D.C.C., the Securities Commissioner has the authority to Order a rescission.

It is therefore hereby Ordered that the respondents shall pay rescission to each North Dakota resident investor, in the amount of the investment, plus interest at the rate of 6% per annum. The liability of the respondents is joint and several, and shall be paid within 30 days of the issuance of this Order.

NOTICE OF CIVIL PENALTIES

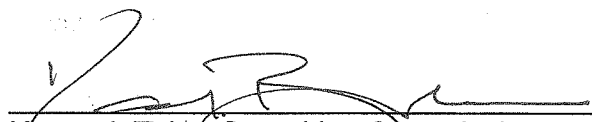
YOU ARE NOTIFIED that the above-cited violations are sufficient grounds for the imposition of civil penalties pursuant to Section 10-04-16(1) N.D.C.C. The Securities Commissioner does not herein assess a civil penalty, but the Commissioner expressly reserves the authority to assess civil penalties, not to exceed \$10,000 per violation, regarding the violations outlined above, any other violations subsequently discovered, or any future securities violations or violations of this order.

NOTICE OF RIGHT TO REQUEST HEARING

YOU ARE NOTIFIED that pursuant to Section 10-04-12 N.D.C.C. you may request a hearing before the Securities Commissioner if such a request is made in writing WITHIN FIFTEEN (15) DAYS AFTER THE RECEIPT OF THIS ORDER. The respondents have the right to be represented by legal counsel at the hearing.

IN TESTIMONY WHEREOF, witness my hand and seal this 22nd day of November, 2005.





Karen J. Tyler, Securities Commissioner
North Dakota Securities Department
600 East Boulevard Ave.
State Capitol – Fifth Floor
Bismarck, ND 58505-0510
(701) 328-2910