

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**  
**September 1, 2004**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-11626**

	)	
<b>In the Matter of</b>	)	<b>ORDER INSTITUTING ADMINISTRATIVE</b>
	)	<b>AND CEASE-AND-DESIST PROCEEDINGS</b>
	)	<b>PURSUANT TO SECTION 8A OF THE</b>
<b>JOHN A. CARLEY,</b>	)	<b>SECURITIES ACT OF 1933, AND SECTIONS</b>
<b>MARK N. DOHLEN,</b>	)	<b>15(b) AND 21C OF THE SECURITIES</b>
<b>EUGENE C. GEIGER,</b>	)	<b>EXCHANGE ACT OF 1934</b>
<b>PAUL A. GILES,</b>	)	
<b>ROY E. GOULD,</b>	)	
<b>THOMAS A. KAUFMANN,</b>	)	
<b>ALFRED PEEPER,</b>	)	
<b>EDWARD H. PRICE,</b>	)	
<b>CHRISTOPHER H. ZACHARIAS,</b>	)	
<b>LE FOND MONDIAL</b>	)	
<b>D'INVESTISSEMENT S.A., and</b>	)	
<b>SPENCER EDWARDS, INC.,</b>	)	
	)	
<b>Respondents.</b>	)	
	)	
	)	

**I.**

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted: (1) pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”) and Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”) against John A. Carley (“Carley”), Mark A. Dohlen (“Dohlen”), Paul A. Giles (“Giles”), Christopher H. Zacharias (“Zacharias”), Alfred Peeper (“Peeper”) and Le Fond Mondial D’Investissement S.A. (“Le Fond Mondial”); (2) pursuant to Section 8A of the Securities Act and Sections 15(b)(6) and 21C of the Exchange Act against Roy E. Gould (“Gould”), Eugene C. Geiger (“Geiger”) and Thomas A. Kaufmann (“Kaufmann”); (3) pursuant to Section 15(b)(6) of the Exchange Act against Edward H. Price (“Price”); and (4) pursuant to Section 15(b)(4) of the Exchange Act against Spencer Edwards, Inc. (“Spencer Edwards”) (collectively, “Respondents”).

**II.**

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENTS

1. Respondent Mark N. Dohlen, age 43, is a Canadian resident. From at least April 30, 1997 through at least December 23, 1999, Dohlen was the chief executive officer of Starnet Communications International, Inc. ("Starnet"). From at least January 27, 1997 through at least December 1999, Dohlen was a director of Starnet.

2. Respondent Paul A. Giles, age 36, is believed to currently be a resident of Florida. He is a Canadian citizen. From at least January 1999 through at least December 8, 1999, Giles was the president of Starnet. From at least April 30, 1997 through at least March 1999, Giles was vice president of offshore operations of Starnet. From at least July 1998 through at least December 8, 1999, Giles was a director of Starnet. From at least August 12, 1999 through at least December 8, 1999, Giles was treasurer of Starnet. From at least September 10, 1999 through at least December 8, 1999, Giles was secretary of Starnet.

3. Respondent John A. Carley, age 57, is a Canadian resident. From at least March 10, 1997 through at least December 23, 1999, Carley was the chief financial officer of Starnet. From at least January 27, 1997 through at least December 23, 1999, Carley was a director of Starnet. From at least August 12, 1999 through at least September 10, 1999, Carley was the secretary of Starnet. From at least December 23, 1999 through at least April 3, 2000, Carley was a director and the president of EFS Caribbean Inc., a wholly owned subsidiary of Starnet.

4. Respondent Christopher H. Zacharias, age 37, is a Canadian resident. From at least January 27, 1997 through at least August 12, 1999, Zacharias was the secretary, treasurer and a director of Starnet. From at least August 14, 1997 through at least February 14, 2000, Zacharias was corporate counsel for Starnet.

5. Respondent Alfred Peeper, age 58, is a resident of Spain and a citizen of the Netherlands.

6. Respondent Le Fond Mondial D'Investissement S.A., is a British Virgin Islands corporation registered as a foreign corporation with the State of Colorado. Le Fond Mondial has offices in Spain. Peeper was authorized to make transactions in bank and brokerage accounts maintained by Le Fond Mondial at all relevant times.

7. Respondent Roy F. Gould, age unknown, is a Canadian resident. Since 1995, Gould has owned and operated a Canadian broker-dealer, United Capital Securities.

8. Respondent Spencer Edwards, Inc., is a Colorado corporation. Since April 1988, Spencer Edwards has been registered with the Commission as a broker-dealer (File No. 8-39511).

Spencer Edwards offered and sold Starnet stock from about September 1997 through at least May 2001.

9. Respondent Eugene C. Geiger, age 38, is a Colorado resident. From November 1993 through January 31, 2001, Geiger was a registered representative associated with Spencer Edwards.

10. Respondent Thomas A. Kaufmann, age 49, is a Colorado resident. From November 1993 through the present, Kaufmann has been a registered representative associated with Spencer Edwards.

11. Respondent Edward H. Price, age 61, is a Colorado resident. From March 22, 1994 through the present, Price has been the president, chief executive officer and chief compliance officer of Spencer Edwards, as well as a registered representative. At all times relevant to these proceedings, he directly supervised the registered representatives at Spencer Edwards, including Geiger and Kaufmann.

## B. RELATED ENTITY

From at least March 1997, Starnet was a Delaware corporation, with its principal places of business in St. Johns, Antigua and Vancouver, British Columbia, Canada. From September 1997 through May 2001, Starnet's common stock traded on the OTC Bulletin Board, and its stock was registered with the Commission pursuant to Section 12(g) of the Exchange Act. On May 25, 2001, Starnet became a wholly owned subsidiary of World Gaming Plc, a company organized in England and Wales.

## C. SECURITIES REGISTRATION VIOLATIONS

1. During the period from approximately June 1998 through about February 2001, Respondents Carley, Dohlen, Giles, Zacharias, Peeper, and Le Fond Mondial violated Sections 5(a) and 5(c) of the Securities Act in that they, directly or indirectly, made use of means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell, sell and deliver after sale certain securities, namely shares of common stock of Starnet, to the public when no registration statement was filed or in effect pursuant to the Securities Act as to the public sale of those securities and no exemption from registration was available.

2. During the period from approximately June 1998 through about February 2001, Respondents Gould, Geiger, and Kaufmann willfully violated Sections 5(a) and 5(c) of the Securities Act in that they, directly or indirectly, made use of means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell, sell and deliver after sale certain securities, namely shares of common stock of Starnet, to the public when no registration statement was filed or in effect pursuant to the Securities Act as to the public sale of those securities and no exemption from registration was available.

3. As part of and in furtherance of the conduct described above in sub-paragraphs II.C.1. and 2.:

a. Carley, Dohlen, Giles, and Zacharias caused Starnet to issue approximately 7,700,000 shares of Starnet's common stock purportedly under Regulation S of the Securities Act to seven foreign corporations controlled by Peeper ("the Peeper entities"), including Le Fond Mondial. Peeper held the powers of attorney for each of the Peeper entities, and was authorized to make transactions in bank and brokerage accounts maintained by each of the Peeper entities at all relevant times. Peeper authorized Gould to make transactions in the Spencer Edwards brokerage accounts maintained in the names of the Peeper entities and in certain bank accounts maintained by the entities. Peeper and Gould directed resales of the Peeper entities' Regulation S securities into the United States and directed the transfer of the proceeds from the resales. These securities were not validly issued under Regulation S because Carley, Dohlen, Giles, and Zacharias caused the securities to be issued knowing that the Peeper entities would act as conduits to sell the securities into the United States without registration or an exemption from registration. In fact, no registration statement concerning Peeper and Gould's resales of the Regulation S securities was filed with the Commission and no exemption from registration was available for the resales;

b. Carley, Dohlen, Giles, and Zacharias sold Starnet stock that they obtained through employee compensation programs. This stock was registered under the Securities Act on Form S-8 when it was issued, but the resales of these securities were not registered and no exemption from registration was available for the sales;

c. Carley, Dohlen, Giles, and Zacharias sold Starnet stock that they had held in trust and obtained from the merger which formed Starnet in 1997. No registration statement concerning these sales was filed with the Commission and no exemption from registration was available for the sales;

d. Carley, Dohlen, Giles, Zacharias, Gould, Peeper and Le Fond Mondial collectively realized more than \$47 million through their sales of stock as set forth in sub-paragraphs II.C.3.a.-c.; and

e. Carley, Dohlen, Giles, Zacharias, Gould, Peeper and Le Fond Mondial made most of the unlawful sales of Starnet stock as set forth in sub-paragraphs II.C.3.a.-c. through accounts maintained at Spencer Edwards. Geiger and Kaufmann were the registered representatives on those accounts and received commissions on the sales of Starnet stock made through those accounts. Despite circumstances suggesting that Carley, Dohlen, Giles, Zacharias, Gould, Peeper and Le Fond Mondial were mailing an unregistered distribution of Starnet stock, neither Geiger nor Kaufman made sufficient inquiries to determine whether the sales were proper.

#### D. ANTIFRAUD VIOLATIONS

1. During the period from approximately December 1997 through about August 1999, Carley, Dohlen, Giles, and Zacharias violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, in that they directly or indirectly, in connection with the purchase or sale of Starnet securities by use of the means or instrumentality of interstate commerce or by use of the mails, employed devices, schemes, or artifices to defraud, made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, and engaged in acts, practices, or courses

of business which would and did operate as a fraud or deceit upon the sellers and purchasers of the securities.

2. During the period from approximately December 1997 through about August 1999, Carley, Dohlen, Giles, and Zacharias violated Section 17(a)(1) of the Securities Act in that they directly or indirectly, in the offer or sale of Starnet securities by the use of the means or instruments of transportation or communication in interstate commerce or by the use of the mails, employed devices, schemes, or artifices to defraud.

3. During the period from approximately December 1997 through about August 1999, Carley, Dohlen, Giles, and Zacharias violated Sections 17(a)(2) and (3) of the Securities Act in that they, directly or indirectly, in the offer or sale of Starnet securities by the use of the means or instruments of transportation or communication in interstate commerce or by the use of the mails, obtained money or property by means of untrue statements of material facts and omissions to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, and engaged in transactions, practices, or courses of business which would and did operate as a fraud or deceit upon the purchasers of the securities.

4. As part of and in furtherance of the conduct described above in sub-paragraphs II.D. 1.-3., Carley, Dohlen, Giles, and Zacharias engaged in a fraudulent scheme to enrich themselves from the sale of Starnet stock without disclosure. In furtherance of this scheme, they made untrue statements of material facts and/or omitted to state material facts to the public, to investors and to prospective investors. In this regard, they:

a. failed to disclose that Peeper controlled all of the entities which received the stock purportedly issued pursuant to Regulation S, as described in sub-paragraph II.C.2.a.;

b. failed to disclose related party transactions resulting from an agreement among the Peeper entities, Peeper, Gould, Carley, Dohlen, Giles, and Zacharias to share the proceeds from the stock sales, as described in sub-paragraphs II.C.2.a.-d.;

c. materially underreported Dohlen's executive compensation;

d. falsely represented that Carley, Dohlen, Giles, and Zacharias had complied with Section 16(a) of the Exchange Act by filing all required forms to report changes in their beneficial ownership of Starnet stock; and

e. failed to make filings about their beneficial ownership of Starnet stock as required by Section 13(d) of the Exchange Act.

5. Gould willfully aided and abetted and caused Carley's, Dohlen's, Giles', and Zacharias' violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and Sections 17(a)(1), 17(a)(2), and 17(a)(3) of the Securities Act. Gould actively participated in the scheme by directing the transfers of Starnet stock, the sales of Starnet stock, and the disbursements of proceeds from the sales. Gould solicited Starnet business from Starnet employees and engaged in business in the U.S. as an unregistered broker thereby willfully violating Section 15(a) of the Exchange Act. In

addition to receiving commissions for effecting transactions, Gould personally received a substantial share of the profits from the sales of Starnet shares. Gould actively participated in the scheme with at least reckless disregard for the fact that his role was part of an illegal or improper activity.

6. Peeper and Le Fond Mondial were a cause of Carley's, Dohlen's, Giles', and Zacharias' violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and Sections 17(a)(1), 17(a)(2), and 17(a)(3) of the Securities Act. Peeper individually, and through Le Fond Mondial, actively participated in the scheme by purchasing the Starnet stock purportedly issued pursuant to Regulation S; exercising warrants with respect to that issuance; opening brokerage accounts at Spencer Edwards; authorizing Gould to make trades in the accounts; and directing sales of the stock. Peeper and Le Fond Mondial received a substantial share of the profits from the sales of Starnet shares. Peeper's conduct was an act or omission that he knew or should have known would contribute to Carley, Dohlen, Giles, and Zacharias' violations of Section 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

7. Geiger and Kaufmann willfully aided and abetted and caused Carley's, Dohlen's, Giles', and Zacharias' violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and Sections 17(a)(1), 17(a)(2), and 17(a)(3) of the Securities Act. Geiger and Kaufmann actively participated in the scheme by executing myriad tasks to effect the sales of Starnet stock. They and Spencer Edwards received substantial commissions from the sales of the Starnet stock. Geiger and Kaufmann actively participated in the scheme with at least reckless disregard for the fact that their role was part of an illegal or improper activity.

E. FAILURE TO FILE OWNERSHIP REPORTS AND FILING OF FALSE OWNERSHIP REPORTS

1. At all relevant times, Starnet was an issuer of securities registered pursuant to Section 12(g) of the Exchange Act.

2. From approximately February 1999 through about November 2000, Carley, Dohlen, Giles, Zacharias, Peeper, and Le Fond Mondial violated Sections 13(d) and 16(a) of the Exchange Act and Rules 13d-1, 13d-2 and 16a-3 thereunder by failing to file with the Commission reports on Forms 13D, 3, 4 and 5, and filing false reports, with respect to their and Gould's acquisitions and dispositions of the millions of shares of Starnet stock over which they had dispositive control and as to which they were the beneficial owners.

3. From approximately February 1999 through about November 2000, Gould willfully violated Sections 13(d) and 16(a) of the Exchange Act and Rules 13d-1, 13d-2 and 16a-3 thereunder by failing to file with the Commission reports on Forms 13D, 3, 4 and 5, and filing false reports, with respect to his and Carley's, Dohlen's, Giles', Zacharias', Peeper's, and Le Fond Mondial's acquisitions and dispositions of the millions of shares of Starnet stock over which they had dispositive control and as to which they were the beneficial owners.

F. FALSE FILINGS

1. An issuer violated Section 13(a) of the Exchange Act and Rules 12b-20, 13a-1, and

13a-11 thereunder in that it filed a materially false and misleading Annual Report on Form 10KSB for 1999 and materially false and misleading Current Reports in December 1997, December 1998 and March 1999 that, in addition to the information expressly required to be included in the report, failed to add such further material information as was necessary to make the required statements, in the light of the circumstances under which they were made not misleading, concerning, among other things, control, related party transactions, executive compensation, and beneficial ownership of stock, as described above in more detail in sub-paragraphs II.D.4.a.-e.

2. Carley, Dohlen, Giles, and Zacharias caused the issuer's violations of Section 13(a) of the Exchange Act and Rules 12b-20, 13a-1, and 13a-11 thereunder.

#### G. FAILURE TO SUPERVISE

Price, the president, chief executive officer and chief compliance officer of Spencer Edwards, and Spencer Edwards through Price, failed reasonably to supervise Geiger and Kaufmann, within the meaning of Section 15(b) of the Exchange Act, with a view to preventing and detecting Geiger's and Kaufmann's willful violations of the federal securities laws, as outlined above in sub-paragraphs II.C. and II.D.7. From at least June 1998 through at least January 2001, Geiger was subject to Price's supervision. From at least June 1998 through at least February 2001, Kaufmann was subject to Price's supervision.

### III.

In view of the allegations made by the Division of Enforcement, the Commission deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be instituted to determine:

A. Whether the allegations set forth in Section II. are true and, in connection therewith, to afford Respondents an opportunity to establish any defenses to such allegations;

B. What, if any, remedial action is appropriate in the public interest against Gould, Geiger, Kaufmann, Price, and Spencer Edwards pursuant to Section 15(b) of the Exchange Act including, but not limited to, an accounting, disgorgement, prejudgment interest and civil penalties pursuant to Section 21B of the Exchange Act;

C. Whether, pursuant to Section 8A of the Securities Act and Section 21C of the Exchange Act, Carley, Dohlen, Giles, and Zacharias should be ordered to cease and desist from committing or causing violations of and any future violations of Sections 5(a), 5(c) and 17(a) of the Securities Act and Sections 10(b), 13(d), and 16(a) of the Exchange Act and Rules 10b-5, 13d-1, 13d-2, and 16a-3 thereunder and should be ordered to cease and desist from causing violations of and any future violations of Section 13(a) of the Exchange Act and Rules 12b-20, 13a-1 and 13a-11 thereunder and whether Carley, Dohlen, Giles, and Zacharias should be ordered to make an accounting and pay disgorgement and prejudgment interest pursuant to Section 8A(e) of the Securities Act and Section 21C(e) of the Exchange Act;

D. Whether, pursuant to Section 8A of the Securities Act and Section 21C of the Exchange Act, Gould, Peeper, and Le Fond Mondial should be ordered to cease and desist from committing or causing violations of and any future violations of Sections 5(a), 5(c) and 17(a) of the Securities Act and Sections 10(b), 13(d), and 16(a) of the Exchange Act and Rules 10b-5, 13d-1, 13d-2, and 16a-3 thereunder, whether Gould should be ordered to cease and desist from committing or causing violations of and any future violations of Section 15(a), and whether Gould, Peeper, and Le Fond Mondial should be ordered to make an accounting and pay disgorgement pursuant to Section 8A(e) of the Securities Act and Section 21C(e) of the Exchange Act; and

E. Whether, pursuant to Section 8A of the Securities Act and Section 21C of the Exchange Act, Geiger and Kaufmann should be ordered to cease and desist from committing or causing violations of and any future violations of Sections 5(a), 5(c) and 17(a) of the Securities Act and Section 10(b) of the Exchange Act and Rule 10b-5 thereunder and whether Geiger and Kaufmann should be ordered to make an accounting and pay disgorgement and prejudgment interest pursuant to Section 8A(e) of the Securities Act and Section 21C(e) of the Exchange Act.

#### IV.

IT IS ORDERED that a public hearing for the purpose of taking evidence on the questions set forth in Section III hereof shall be convened not earlier than 30 days and not later than 60 days from service of this Order at a time and place to be fixed, and before an Administrative Law Judge to be designated by further order as provided by Rule 200 of the Commission's Rules of Practice, 17 C.F.R. § 201.200.

IT IS FURTHER ORDERED that Respondents shall file an Answer to the allegations contained in this Order within twenty (20) days after service of this Order, as provided by Rule 220 of the Commission's Rules of Practice, 17 C.F.R. § 201.220.

If Respondents fail to file the directed answer, or fail to appear at a hearing after being duly notified, the Respondents may be deemed in default and the proceedings may be determined against them upon consideration of this Order, the allegations of which may be deemed to be true as provided by Rules 155(a), 220(f), 221(f), and 310 of the Commission's Rules of Practice, 17 C.F.R. §§ 201.155(a), 201.220(f), 201.221(f), and 201.310.

This Order shall be served forthwith upon Respondents personally or by certified mail.

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 300 days from the date of service of this Order, pursuant to Rule 360(a)(2) of the Commission's Rules of Practice.

In the absence of an appropriate waiver, no officer or employee of the Commission engaged in the performance of investigative or prosecuting functions in this or any factually related proceeding will be permitted to participate or advise in the decision of this matter, except as witness or counsel in proceedings held pursuant to notice. Since this proceeding is not "rule making" within the meaning of Section 4(c) of the Administrative Procedure Act, it is not deemed subject to the provisions of that Section delaying the effective date of any final Commission action.



By the Commission.

Jonathan G. Katz  
Secretary