

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION
August 11, 2004

ADMINISTRATIVE PROCEEDING
File No. 3-11583

In the Matter of

JOSEPH W. ISAAC,

Respondent.

ORDER INSTITUTING ADMINISTRATIVE
PROCEEDINGS PURSUANT TO SECTION
15(b) OF THE SECURITIES EXCHANGE ACT
OF 1934

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Joseph W. Isaac (“Respondent” or “Isaac”).

II.

After an investigation, the Division of Enforcement alleges that:

Respondent

A. Respondent, age 42, was the Executive Vice President and Director of Public Relations of LinkNet, Inc. (“LinkNet”) and Linknet de America Latina, Ltd. (“Latina”) in 1999 and 2000. Isaac supervised LinkNet’s and Latina’s boiler room operations through which LinkNet and Latina sold their stock to investors throughout the United States. Isaac acted as an unregistered broker-dealer in connection with the sales of Linknet and Latina.

Related Entities

B. LinkNet, Inc., was organized as a Utah corporation in 1991, and was headquartered in Salt Lake City, Utah. LinkNet provided discount long distance services to clients throughout the United States. During an offering of its stock, LinkNet maintained a boiler room in Encino, California that sold LinkNet’s and Latina’s stock to investors. LinkNet’s securities were never registered with the Commission and its stock was never publicly traded.

C. LinkNet de America Latina, Ltd., is a Nevada corporation organized in January 2000. Latina provided discount long distance services to Mexico and shared the same corporate offices as LinkNet. Latina's securities are not registered with the Commission nor is its stock publicly traded.

Civil Injunctive Action Filed By The Commission

D. On January 16, 2003, the Commission filed a complaint initiating a civil injunctive action, S.E.C. v. Dale Carone, et al., Docket No. CV 03 374NM (FMOx) (U.S.D.C., C.D.CA), against Isaac and other named defendants as a result of the fraudulent offering described in paragraphs E through F below.

E. The complaint charged Isaac with violations of the antifraud, securities registration and broker-dealer registration provisions of the federal securities laws. The complaint sought: the entry of an injunction against Isaac from future violations of Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 ("Securities Act") and Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder; an order that Isaac be barred from participating in any offering of penny stock, and an order of disgorgement, with prejudgment interest thereon, and the imposition of a civil penalty against Isaac.

F. In its complaint, the Commission alleged that:

1. In 1999 and 2000 LinkNet and Latina conducted a fraudulent offering scheme, collectively raising over \$17 million and defrauding more than 1,900 investors located throughout the United States.

2. LinkNet and Latina hired Isaac and others to organize and operate a boiler room to solicit investors to purchase securities in LinkNet and Latina.

3. In his capacity as Executive Vice President and Director of Public Relations for LinkNet and Latina, Isaac directed the activities of the LinkNet boiler room.

4. The complaint also alleged that, in connection with the sale of LinkNet and Latina securities, Isaac and others made numerous misrepresentations to investors, including: that a public offering of LinkNet stock was imminent; that LinkNet's stock would shortly be listed on Nasdaq; and that LinkNet and Latina had contracts for the sale of hundreds of millions of minutes of long distance service that would generate millions of dollars in revenue to the companies. It was also alleged that Isaac and others failed to disclose that at least thirty percent of the offering proceeds were paid as commissions to the boiler room operations.

5. Finally, the complaint alleged that Isaac acted as an unregistered broker-dealer in connection with sales of the stock of LinkNet and Latina, and through the boiler room operations of those issuers.

Isaac is Enjoined from Future Violations of Securities Act and Exchange Act Rules and Regulations

G. The Commission obtained service upon Isaac by publication, pursuant to a Court order. Isaac failed to answer the Commission's complaint. On May 27, 2004, the Commission filed a motion for default judgment against Isaac based on his failure to file an answer to the complaint.

H. On July 19, 2004, Judge Nora M. Manella granted the Commission's motion for default judgment against Isaac, enjoining him from future violations of Sections 5(a), 5(c) and 17(a) of the Securities Act and Sections 10(b) and 15(a) of the Exchange Act and Rule 10b-5 thereunder, ordering Isaac to pay disgorgement of \$1,819,201.94, prejudgment interest of \$498,393, and a civil penalty of \$110,000. Isaac was also barred from participating in an offering of penny stock.

III.

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

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

B. What, if any, remedial action is appropriate in the public interest against Respondent pursuant to Section 15(b) 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 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 Respondent 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 Respondent fails to file the directed answer, or fails to appear at a hearing after being duly notified, the Respondent may be deemed in default and the proceedings may be determined against him 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), 221(f) and 201.310.

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

IT IS FURTHER ORDERED that the Administrative Law Judge shall issue an initial decision no later than 210 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 551 of the Administrative Procedure Act, it is not deemed subject to the provisions of Section 553 delaying the effective date of any final Commission action.

By the Commission.

Jonathan G. Katz
Secretary