

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, MARCH 31, 2009

CLERK'S OFFICE

2009 MAR 31 PM 3: 01

COMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION

DOCUMENT CONTROL

v.

CASE NO. SEC-2008-00096

NETTALON SECURITY SYSTEMS, INC.,

Defendant

SETTLEMENT ORDER

Based on an investigation conducted by the Division of Securities and Retail Franchising ("Division"), it is alleged that NetTalon Security Systems, Inc. ("Defendant"): (i) violated § 13.1-504 B of the Virginia Securities Act ("Act"), § 13.1-501 et seq. of the Code of Virginia, by employing unregistered agents in the offer and sale of securities; and (ii) violated § 13.1-507 of the Act by offering or selling securities that were not registered under the Act or exempt from registration.

The State Corporation Commission ("Commission") is authorized by § 13.1-506 of the Act to revoke the Defendant's registration, by § 13.1-519 of the Act to issue temporary or permanent injunctions, by § 13.1-518 A of the Act to impose costs of investigation, by § 13.1-521 A of the Act to impose certain monetary penalties, and by § 12.1-15 of the Code of Virginia to settle matters within its jurisdiction.

The Defendant neither admits nor denies these allegations but admits to the Commission's jurisdiction and authority to enter this Settlement Order.

As a proposal to settle all matters arising from these allegations, the Defendant has made an offer of settlement to the Commission wherein the Defendant will abide by and comply with the following terms and undertakings:

(1) The Defendant will pay to the Treasurer of the Commonwealth of Virginia the amount of Five Thousand Dollars (\$5,000) in monetary penalties. The penalty is to be paid in installments as follows: the amount of One Thousand Dollars (\$1,000) will be paid on or before March 31, 2009; the amount of One Thousand Dollars (\$1,000) will be paid on or before June 30, 2009; the amount of One Thousand Five Hundred Dollars (\$1,500) will be paid on or before September 30, 2009; and the balance of the penalty, of One Thousand Five Hundred Dollars (\$1,500), will be paid on or before December 31, 2009.

(2) The Defendant will pay to the Commission, contemporaneously with the entry of this Order, the amount of Two Thousand Two Hundred Dollars (\$2,200) to defray the cost of investigation.

(3) The Defendant will provide a copy of this Order to all Virginia investors.

(4) The Defendant will submit to the Division an affidavit, executed by the Defendant, which attests that the Defendant has implemented compliance procedures as outlined in its August 1, 2008 correspondence to the Division.

(5) The Defendant will not violate the Act in the future.

The Division has recommended that the Commission accept the offer of settlement of the Defendant.

The Commission, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Division, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein be, and it is hereby, accepted;

(2) The Defendant fully comply with the aforesaid terms and undertakings of this settlement; and

(3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate, on account of the Defendant's failure to comply with the terms and undertakings of the settlement.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:
Daniel C. Colin, CEO/President, NetTalon Security Systems, Inc., 3324 Bourbon Street,
Fredericksburg, Virginia 22409; James L. Weinberg, Esquire, Hirschler Fleischer, Attorneys at
Law, The Edgeworth Building, 2100 East Cary Street, Richmond, Virginia 23223; and the
Commission's Office of General Counsel and Division of Securities and Retail Franchising.

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Defendant

ADMISSION AND CONSENT


The Defendant, NetTalon Security Systems, Inc., admits to the jurisdiction of the State Corporation Commission ("Commission") as to the party and subject matter hereof and, neither admitting nor denying the allegations made herein by the Division of Securities and Retail Franchising, hereby consents to the form, substance and entry of the foregoing Settlement Order.

The Defendant further states that no offer, tender, threat or promise of any kind whatsoever has been made by the Commission or any member, subordinate, employee, agent or representative thereof in consideration of the foregoing Settlement Order.

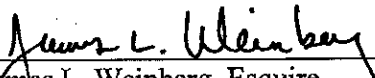
NetTalon Security Systems, Inc.

Date: March 19, 2009

By:


Daniel C. Colin
CEO/President

Seen and Approved By:


James L. Weinberg, Esquire
Hirschler Fleischer, Attorneys at Law