

BEFORE THE
DIVISION OF SECURITIES
DEPARTMENT OF FINANCIAL INSTITUTIONS
STATE OF WISCONSIN

In the Matter of
INFORMATION BROKERAGE SYSTEMS, INC., and
MICHAEL W. EDGECOMB,

PETITION FOR ORDER

Respondents.

File No. S-02203(EX)

The staff of the State of Wisconsin, Department of Financial Institutions, Division of Securities, Bureau of Registration & Enforcement, has conducted an investigation in this matter pursuant to sec. 551.56, Wis. Stats. and as a result thereof alleges as follows:

1. Information Brokerage Systems, Inc., ("IBS") is a foreign business entity with a last known business address of 21425 W. 83rd Street, Lenexa, Kansas 66220 and PO Box 14038, Lenexa, Kansas 66285;
2. Michael W. Edgecomb ("Edgecomb"), who has a CRD number of 1865642, and a date of birth of June 10, 1967, is an individual who at all times material hereto has been president of IBS, with a last known home address of 801 South Harrison #335, Olathe, Kansas 66061, and a business address at that of IBS;
3. According to the copies of documents provided by Edgecomb to the staff of the Division of Securities, during the period of 2002, IBS and Edgecomb offered and sold to at least five persons in Wisconsin investments in 24-month certificates of deposit of IBS that were to pay interest at the annual rate of 14%, with a return of the principal and payment of interest at the maturity date;
4. Pursuant to the offering materials received by persons in Wisconsin, copies of which were provided to staff of the Division of Securities, on a document entitled "High Rate Referral Program – Make Money by Telling Others About Our High Rate CD's!", "... The people you refer can get fully protected and insured CD's directly from us at rates slightly lower than yours. They range from 10% to 20% (rather than 14% to 24%) allowing you to receive 4% interest of their (emphasis included) money – sounds like a bank doesn't it? ...";
5. Upon information and belief, investors can play a passive role in the investment with no duties and responsibilities;
6. Since the investors will be involved in a common enterprise with the expectation of profits to be derived from the essential managerial efforts of others, the "CD's" offered and sold by IBS and Edgecomb are investment contracts as defined by section DFI-Sec. 1.02(6)(a), Wis. Adm. Code, and are therefore securities as defined by sec. 551.02(13), Wis. Stats.;
7. The CD's of IBS have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.; and
8. IBS and Edgecomb have violated sec. 551.21(1), Wis. Stats., by offering and selling unregistered securities in Wisconsin.

Therefore, the staff of the Bureau of Registration & Enforcement petitions the Administrator of the Division of Securities for the issuance of the attached Order pursuant to Ch. 551, Wis. Stats.

Mark E. Dorman 12-9-02
Mark E. Dorman Date
Examiner

David A. Cohen 12/12/02
David A. Cohen Date
Supervising Attorney