

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

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In the Matter of  
INTEGRATED CASH SYSTEMS, INC.,  
DOUGLAS G. CUTHBERT, STEVEN C. SACCO,  
KEVIN J. FALVEY, and CLYDE E. MORGAN,

PETITION FOR ORDER

Respondents.

File No. S-03095(EX)

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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. Integrated Cash Systems, Inc. f/k/a World Cash Providers ("Integrated") is a foreign business entity with a last known business address of 2300 Palm Beach Lakes Blvd., Ste. 305, West Palm Beach, FL 33407.
2. Douglas G. Cuthbert (CRD #1424629; DOB 7/15/58) ("Cuthbert") is an individual who at all times material hereto has been an owner and controlling person of Integrated, with a last known business address at that of Integrated and a last known residence address of 477 Mozart Rd., West Palm Beach, FL 33411.
3. Steven C. Sacco (CRD # 2071566) (DOB 7/22/57) ("Sacco") is an individual who at all times material hereto has been President of Integrated, with a last known business address at that of Integrated and a last known residence address of 555 S. Kirk Rd., Apt. 102, Palm Springs, FL 33415.
4. Kevin J. Falvey (DOB 7/31/64) ("Falvey") is an individual who at all times material hereto has been Vice President of Integrated, with a last known business address at that of Integrated and a last known residence address of 4104 41<sup>st</sup> Way., West Palm Beach, FL 33408.
5. Clyde E. Morgan (CRD #601387)(DOB 2/21/30) ("Morgan") is an individual who at all times material hereto has been an agent and/or representative of Integrated, with a last known business address of 390 Union Blvd., # 520, Lakewood, CO 80225 and a last known residence address of 12291 S. Critchell Ln., Littleton, CO 80127
6. During the year 2000, agents recruited by Morgan on behalf of Integrated, Cuthbert, Sacco, and Falvey, offered and sold to at least thirteen persons in Wisconsin an investment in ATM machines to be leased back to, and managed and serviced by Integrated.
7. By contract the investors will play a passive role in the investment with no duties and responsibilities.
8. 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 investments in ATM machines offered by the respondents 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.

9. The Integrated investment contracts have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.
10. Integrated, Cuthbert, Sacco, and Falvey have violated sec. 551.21(1), Wis. Stats., by offering and selling unregistered securities in Wisconsin.
11. In connection with the offers and sales of the securities described above, the agents referred to in Paragraph 6 transacted business in Wisconsin as "agents" for Integrated, Cuthbert, Sacco, and Falvey, as that term is defined by sec. 551.02(2), Wis. Stats.
12. At no time have the agents referred to in Paragraph 6 been licensed as securities agents for Integrated, Cuthbert, Sacco, and Falvey pursuant to Ch. 551, Wis. Stats.
13. Integrated, Cuthbert, Sacco, and Falvey have violated sec. 551.31(2), Wis. Stats., by employing an unlicensed agent to represent them in Wisconsin.
14. On December 8, 1994, the State of Missouri issued an Administrative Order against Cuthbert, based on allegations of securities laws violations.
15. On June 21, 1996, Cuthbert was criminally convicted of wire fraud and mail fraud and was sentenced to 3 years probation and ordered to make restitution of \$385,576.80 to investors (United States v. James G. Freeman, et al., No. S1-44 CR 186 (JCK) (E.D. Mo. 1996).
16. On June 21, 1996, Morgan was criminally convicted of money laundering and mail fraud and was sentenced to 3 years probation and ordered to make restitution of \$42,830.69 to investors (United States v. James G. Freeman, et al., No. S1-44 CR 186 (JCK) (E.D. Mo. 1996).
17. On April 9, 1999, the U.S. Securities and Exchange Commission barred Cuthbert and Morgan from association with any broker, dealer, investment company, investment adviser or municipal securities dealer.
18. In connection with the offer and sale of the securities described in Paragraph 6, Integrated, Cuthbert, Sacco, and Falvey omitted to disclose the criminal convictions and the issuance of the Administrative Orders referred to in Paragraphs 14 through 17.
19. Integrated, Cuthbert, Sacco, and Falvey have violated sec. 551.41(2), Wis. Stats., by omitting to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading, in connection with the offer and sale of securities to persons in Wisconsin.
20. In connection with the recruitment of the agents referred to in Paragraph 6, Morgan omitted to disclose the criminal convictions and the issuance of the Administrative Orders referred to in Paragraphs 14 through 17 above.
21. Morgan's recruitment of unlicensed agents to offer and sell unregistered securities to persons in Wisconsin on behalf of Integrated operated as a fraud and deceit upon both the agents and the purchasers of the Integrated investment contracts.
22. In light of the allegations contained in Paragraphs 20 and 21 above, the staff of the Division of Securities has reason to believe that any further offers or sales of securities in Wisconsin by Morgan would be fraudulent to offerees or purchasers.
23. On June 8, 2001, the Division of Securities issued a Summary Order of Prohibition and Revocation of Exemptions against Partners Investment Network, Inc., its successors, affiliates, controlling persons, officers, agents, servants, employees, and every entity and person directly or indirectly controlled or organized by or on its behalf.

