

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

In the Matter of
AMERICAN DATA SOLUTIONS, INC.,
AMERICAN DATA SALES, INC.,
WILLIAM R. KENNEDY,
LEON JOE,
MIKE SEYMOUR,
ALFRED COHEN,
LEE BANKS, and
DENNIS ROGERS,

PETITION FOR ORDER

Respondents.

File No. S-04191(EX)

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

1. Upon information and belief, American Data Solutions, Inc. ("Solutions") is a Wyoming corporation, formed in 1992, with a last known business address of 3760 Vance Street, Suite 301, Wheat Ridge, Colorado 80033;
2. Upon information and belief, American Data Sales, Inc. ("Sales") is a Colorado corporation, that is a wholly owned subsidiary of Solutions, with a last known business address of 3760 Vance Street, Suite 301, Wheat Ridge, Colorado 80033;
3. Upon information and belief, William R. Kennedy ("Kennedy") is an adult individual with a last known business address at that of Solutions, and who, according to information provided by legal counsel of Solutions to the Division, became president, vice president and secretary and treasurer, sole director and a shareholder of Solutions, as of April 29, 2002, and as of September 24, 2004, was president, vice president, and treasurer of Solutions, and president of Sales;
4. Upon information and belief, Leon Joe ("Joe") is an adult individual with a last known business address at that of Solutions, and who, according to information provided by legal counsel of Solutions to the Division, until April 29, 2002, was the president, vice president, secretary and treasurer of Solutions;
5. According to correspondence with persons in Wisconsin, Joe was a vice president of Solutions and Sales during the period of 2002 and 2003;

6. Upon information and belief, Mike Seymour (“Seymour”) is an adult individual with a last known business address at that of Solutions, and who, according to information provided by legal counsel of Solutions to the Division, was the vice president and secretary of Solutions as of September 24, 2004;
7. Upon information and belief, Alfred Cohen (“Cohen”) is an adult individual with a last known business address at that of Sales, and who, according to information provided by legal counsel of Solutions to the Division, was the president, a director and shareholder of Sales as of October 24, 2002 to the present;
8. Upon information and belief, Lee Banks (“Banks”) is an adult individual, and who, according to information provided by legal counsel of Solutions to the Division, was a controlling person of Sales, with a last known business address at that of Sales;
9. Upon information and belief, Dennis Rogers (“Rogers”) is an adult individual who at all times material hereto was an agent of Sales, with a last known business address at that of Sales;
10. Upon information and belief, during the period from at least 2002 to 2004, Rogers, on behalf of Solutions, Sales, Kennedy, Joe, Seymour, Cohen and Banks, offered and sold to at least four persons in Wisconsin interests in cash-less automated teller machines (“ATMs”);
11. According to the “Background” of a complaint filed in a civil lawsuit by ADSI, U.S. District Court, Northern District of Georgia (Atlanta), Civil Docket for Case #: 1:03-cv-03714-WBH: “ADS (Sales) is in the business of marketing cash-less automated teller machines (‘ATMs’). Essentially, ADS sells ATMs to its customers and, through a locator service, makes arrangements with various merchants for the ATMS to be placed at various locations, including service stations, restaurants, and other locations where persons may desire to use ATMs. ADS also makes arrangements to have the electronic financial transactions through the ATMS processed by an outside processing company. ...”;
12. Upon information and belief, the transactions referred to above consist of sales of ATMs pursuant to sales contracts which require payment by the purchaser of an amount at the time of purchase (subject in certain instances to financing arrangements) based on the quantity purchased and an obligation to pay certain additional transaction fees, together with arrangements to refer purchasers to third-parties who assist the purchaser with locating, installing, maintaining, and relocating, if necessary, the “cashless” ATMs;
13. The “cashless” ATMs service contracts of Solutions are investment-contract securities as defined by sec. 551.02(13), Wis. Stats., and have never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.;
14. The Respondents have violated sec. 551.21(1), Wis. Stats., by offering and selling unregistered securities to persons in Wisconsin;

15. In connection with the offer and sale of the securities described above, Rogers transacted business in Wisconsin as an "agent" for Solutions, Sales, Kennedy, Joe, Seymour, Cohen and Banks, as that term is defined by sec. 551.02(2), Wis. Stats.;

16. At no time has Rogers been licensed as a securities agent pursuant to Ch. 551, Wis. Stats.;

17. Rogers has violated sec. 551.31(1), Wis. Stats., by transacting business in Wisconsin as a securities agent without a license;

18. Solutions, Sales, Kennedy, Joe, Seymour, Cohen, and Banks have violated sec. 551.31(2), Wis. Stats., by employing an unlicensed agent to represent them in Wisconsin;

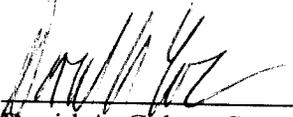
19. Upon information and belief, on April 29, 2003, the State of Kansas, issued a consent order against Solutions, Cohen, and Banks for failing to register as a broker/dealer in Kansas and failing to register the security offered; and

20. Staff of the State of Wisconsin, Department of Financial Institutions, Division of Securities, wrote to Solutions to request information and documents concerning their transactions with persons in Wisconsin, and requested it of legal counsel for Solutions, but to date have not received the names and addresses of those persons, investment-related documents, and/or the names of the agents who offered and sold the transactions to those persons.

Therefore, the staff of the State of Wisconsin, Department of Financial Institutions, Division of Securities, petitions for the issuance of the attached Order pursuant to Ch. 551, Wis. Stats.



Mark Dorman, Examiner Date
Bureau of Registration & Enforcement 9-29-05



David A. Cohen, Supervising Attorney Date
Bureau of Registration & Enforcement 9/29/05