

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

In the Matter of
DAVID RILEY and KEITH WALLS,

Respondents.

PETITION FOR ORDER
(SUMMARY)

File No. S-04004(FX)

The staff of the Bureau of Registration and Enforcement of The Division of Securities, Department of Financial Institutions, State of Wisconsin has conducted an investigation in this matter pursuant to sec. 553.55, Wis. Stats., and as a result thereof alleges as follows:

1. David Riley ("Riley") is an individual, with a last known business address of 7047 East Greenway Parkway, Ste. 250, Scottsdale, Arizona 85254.
2. Keith Walls ("Walls") is an individual, with a last known business address of 7047 East Greenway Parkway, Ste. 250, Scottsdale, Arizona 85254.
3. Upon information and belief, at all times material hereto, Riley has been business development director and a recruiter for AccuTax, LLC ("AccuTax").
4. Upon information and belief, at all times material hereto, Walls has been president and chief operating officer of AccuTax.
5. Upon information and belief, sometime around September 25, 2003, a person in Wisconsin contacted a business opportunity called AccuTax while surfing the internet. The person was contacted by Riley, on behalf of AccuTax, and was emailed information about the business.
6. Upon information and belief, the person in Wisconsin signed an AccuTax Marketing Agreement on September 30, 2003, in Dane County, Wisconsin and mailed the agreement to AccuTax with a check payable to AccuTax, LLC dated September 30, 2003 in the amount of \$12,995.00.
7. Upon information and belief, the "business opportunity" sold to the person in Wisconsin gave that person the right to use the trade names and trademarks of AccuTax, the person in Wisconsin made an initial payment of \$12,995 for the right to operate a business using the name AccuTax, and the person in Wisconsin was to follow a prescribed marketing plan in the operation of their AccuTax office in Wisconsin.
8. The "business opportunity" described above is a franchise as defined by sec. 553.03(4), Wis. Stats., and has never been registered for sale in Wisconsin pursuant to Ch. 553, Wis. Stats.

9. Respondents have violated sec. 553.21, Wis. Stats., by selling an unregistered franchise in Wisconsin.

10. Upon information and belief, the person in Wisconsin did not receive an "offering circular" in violation of sec. 553.27(4), Wis. Stats.

11. Upon information and belief, AccuTax was incorporated on April 1, 2003, in the State of Delaware, which would have been six (6) months before the person in Wisconsin invested in AccuTax.

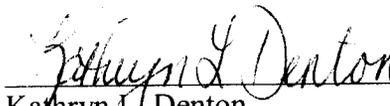
12. Upon information and belief, Walls stated in an email dated December 12, 2003, that AccuTax had only four sales persons and their office comprised 2,500 square feet and they used an executive suite as the mailing address and place to train advisors and take prospects.

13. Upon information and belief, in an email from Riley dated September 25, 2003, to the person in Wisconsin, Riley indicated that the "2002" top consultant income was \$492,000. However, Accutax had only been in business since April of 2003.

14. Upon information and belief, the AccuTax electronic brochure states "A recent advisor was ecstatic with his earnings of nearly \$500,000 in his first fiscal year!" However, Accutax had only been in business since April of 2003.

15. Respondents have violated sec. 553.41, Wis. Stats., by selling to a person in this state by means of any written or oral communication that includes an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

Therefore, the staff of the Bureau of Registration and Enforcement petitions the Administrator of the Division of Securities for the issuance of the attached order pursuant to Ch. 553, Wis. Stats.


Kathryn L. Denton
Examiner
Date 6/20/06


David A. Cohen
Supervising Attorney
Date 6/20/06