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

In the Matter of

PETITION FOR ORDER

VOICE VIDEO & DATA SERVICES, INC.,
RUSSELL E. PRESTON, and
JAMES J. HEALEY,
Respondents.

File No. S-08122(EX)

The staff of the State of Wisconsin, Department of Financial Institutions, Division of Securities, Bureau of Enforcement, has conducted an investigation pursuant to § 551.56, Wis. Stats., [1] and as a result thereof alleges as follows:

1. Voice Video & Data Services, Inc., ("VVDS") is a Wyoming corporation with principal offices and a last known business address of 111 S. Mulberry Street, Elizabethtown, Kentucky 42701.

2. Russell E. Preston ("Preston") is an individual who at all times material hereto was an owner, officer and/or controlling person of VVDS, with a last known business address at VVDS, and a last known home address of 1200 Otter Creek Road, Vine Grove, Kentucky 40175.

3. James J. Healey ("Healey") was a licensed insurance producer in the State of Iowa who at all times material hereto has been an agent of VVDS and of Preston, with a last known home address at 2435 Coates Street, Dubuque, Iowa 52003. On August 3, 2009, the State of Iowa revoked Healey's insurance license, and in a separate Order ordered Healey to cease and desist his securities-related activities based on sales similar to those alleged herein.

4. During 2007, the Respondents offered and sold the stock of VVDS to at least six persons in Wisconsin.

5. The stock of VVDS has never been registered for offer and sale in Wisconsin pursuant to Ch. 551, Wis. Stats.

6. While VVDS filed for a federal exemption with the United States Securities & Exchange Commission based on Regulation D, Rule 506 on August 9, 2007, that filing did not indicate an intent to sell securities in Wisconsin, nor did VVDS make any notice filing in Wisconsin.

7. All Respondents have violated § 551.21(1), Wis. Stats., by offering and selling unregistered securities to persons in Wisconsin.

8. In connection with his offers and sales of the securities alleged above, Healey transacted business in Wisconsin as an "agent" for VVDS and Preston, as defined by § 551.02(2), Wis. Stats.

9. At no time has Healey been licensed as a securities agent pursuant to Ch. 551, Wis. Stats.

---

[1] Unless otherwise noted, the statutory references are to the Wisconsin Statutes (2005-06), which were in effect at the time of the violations alleged herein and apply pursuant to § 551.703, Wis. Stats. (2007-08).

10. Healey has violated § 551.31(1), Wis. Stats., by transacting business in Wisconsin as a securities agent without a license.

11. VVDS and Preston have violated § 551.31(2), Wis. Stats., by employing an unlicensed agent to represent them in Wisconsin.

12. On September 13, 2007, the State of Kentucky Office of Financial Institutions ("KY OFI"), issued a Stop Order against the Respondents in Agency Case No. 2007-AH-498, alleging that VVDS did not file a timely Regulation D notice filing, and that its filing contained significant and material inconsistencies, and apparent deficiencies in VVDS's offering materials.

13. On April 22, 2008, KY OFI issued an administrative consent order against VVDS and Preston in which Respondents acknowledged violation the Stop Order by continuing to offer and sell securities in VVDS via its website and otherwise in Kentucky and at least 18 other states, including Wisconsin. VVDS and Preston also admitted that they furnished information to KY OFI which was incomplete, materially inaccurate and misleading.

14. VVDS filed a Chapter 11 bankruptcy proceeding on September 12, 1008 in the Western District of Kentucky. This proceeding was converted to a Chapter 7 liquidation on November 17, 2009, and upon information and belief is still pending. Preston and his wife filed a Chapter 7 bankruptcy proceeding on November 26, 2008, and received a discharge on March 10, 2009. Since the Division's petition seeks non-monetary, regulatory enforcement action, it does not violate any bankruptcy stay.

15. On July 3, 2008, staff of the Division wrote to the Respondents requesting information and documents about their securities-related activities with persons in Wisconsin, with a two-week date to provide a response, but to date the Division has received no response.

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

Dated this 12th day of August, 2010.

Mark E. Dorman
Examiner

Leslie M. Van Buskirk
Attorney Supervisor