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BEFORE THE ARIZONA CORPORATIO

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AZ CORP COMMISSION
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WILLIAM A. MUNDELL
Chairman
JIM IRVIN
Commissioner
MARC SPITZER
Commissioner

In the matter of:	Docket No. S-03396A-01-0000
MOBILE CASH SYSTEMS, LLC 8215 S. Eastern Ave., Suite 239 Las Vegas, NV 89123	**NOTICE OF OPPORTUNITY FOR HEARING REGARDING PROPOSED ORDER TO CEASE AND DESIST, FOR RESTITUTION, FOR ADMINISTRATIVE PENALTIES, AND FOR OTHER AFFIRMATIVE ACTION**
WORLD WIRELESS SOLUTIONS, INC. a/k/a WIRELESS EXPRESS USA, INC. 544 West Iron Dr. Ste. 102 Mesa, AZ 85210	
WORLD ELECTRONIC PAYMENT SOLUTIONS, INC. d/b/a WEPS 544 West Iron Dr. Ste. 102 Mesa, AZ 85210	
WORLD CASH PROVIDERS, LLC 1851 Hillpointe Road, Suite 811 Henderson, NV 89014	
WORLD CASH PROVIDERS, INC. 3649 West Beechwoc ' Suite 103 Fresno, CA 93711	
MARK ALAN MELKOWSKI, SR. 2173 East La Vieve Lane Tempe, AZ 85254	
EAGLE COMMUNICATIONS, INC. 4430 N. Civic Center Plaza #204 Scottsdale, AZ 85251	
EAGLE ONE FINANCIAL & TAX, LLC 4430 N. Civic Center Plaza #204 Scottsdale, AZ 85251	
GERALD B. ("JERRY") JOHNSON 2010 West Summit Place Chandler, AZ 85224-1170	
KIMBER LEA BAUDOUR 873 North Crossbow Court Chandler, AZ 85225	
Respondents.	

NOTICE: RESPONDENTS HAVE 10 DAYS TO REQUEST A HEARING

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that respondents have engaged in acts, practices and transactions, which constitute violations of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act").

I.

JURISDICTION

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

II.

RESPONDENTS

2. MOBILE CASH SYSTEMS, LLC ("MOBILE CASH") is a Nevada limited liability company organized on December 14, 1999. Its principal place of business is 8215 South Eastern Avenue, Suite 239, Las Vegas, Nevada, 89123. At all pertinent times, MOBILE CASH is in the business of marketing a "business opportunity program" involving electronic transaction processing with wireless terminals machines ("WTMs").

3. WORLD WIRELESS SOLUTIONS, INC. a/k/a WIRELESS EXPRESS USA, INC. ("WIRELESS") is an Arizona corporation, incorporated on March 28, 2000. Its principal place of business is 544 W. Iron Drive, Suite 102, Mesa, Arizona, 85210. At all pertinent times, WIRELESS is purportedly in the business of "placing and servicing wireless cash ticket machines."

4. WORLD ELECTRONIC PAYMENT SOLUTIONS, INC. d/b/a WEPS ("WEPS") is a Nevada corporation, incorporated on August 9, 1999. Its principal place of business is 544 W. Iron Drive, Suite 102, Mesa, Arizona, 85210. At all pertinent times, WEPS is purportedly in the business of providing transaction handling and monitoring services for WTMs.

5. WORLD CASH PROVIDERS, LLC is a Nevada limited liability company organized on December 8, 1997. Its principal place of business is 1851 Hillpointe Road, Suite

811, Henderson, Nevada, 89014. At all pertinent times, WORLD CASH PROVIDERS, LLC was in the business of marketing a "business opportunity program" involving electronic transaction processing with cash ticket machines ("CTMs").

6. WORLD CASH PROVIDERS, INC. is a California corporation, incorporated on October 30, 1997. Its principal place of business is 3649 W. Beechwood Ave., Suite 103, Fresno, California, 93711. At all pertinent times, WORLD CASH PROVIDERS, INC. is purportedly in the business of providing maintenance, installation, transaction handling, monitoring, and insurance services for CTMs.

7. WORLD CASH PROVIDERS, LLC and WORLD CASH PROVIDERS, INC. may be collectively referred to as the "WORLD CASH RESPONDENTS." On February 8, 2000, the State of California Department of Corporations ("California DOC") issued a Desist and Refrain Order against WORLD CASH RESPONDENTS and their Presidents, L. Robert Martin and Mark L. Ehrlich, ordering them to desist and refrain from the offer or sale in the state of California of CTM business opportunities issued by WORLD CASH RESPONDENTS, on the grounds that these are securities and that these securities were sold without first being qualified, contrary to California law.

8. MARK ALAN MELKOWSKI, SR. ("MELKOWSKI") is an individual whose last known address is 2173 East La Vieve Lane, Tempe, Arizona, 85254. At various times pertinent hereto, MELKOWSKI was co-manager with his wife Susan Melkowski of EAGLE ONE FINANCIAL AND TAX, LLC; President, director, and statutory agent of EAGLE COMMUNICATION, INC; and an officer, director, and shareholder of WEPS. MELKOWSKI was listed as President of WEPS in its corporate filings, from its initial incorporation on August 9, 1999, until October 19, 2000. MELKOWSKI is also a Sales Representative for MOBILE CASH.

9. EAGLE COMMUNICATIONS, INC. ("EAGLE COMMUNICATIONS") is an Arizona corporation, incorporated in Arizona on May 27, 1998. Its principal place of business is

4430 N. Civic Center Plaza, #204, Scottsdale, Arizona, 85251. Its purpose is "to conduct the business of marketing financial products." EAGLE COMMUNICATIONS is a "Group Manager" for MOBILE CASH sales agents. MELKOWSKI is its President and owner.

10. EAGLE ONE FINANCIAL AND TAX, LLC ("EAGLE ONE") is an Arizona limited liability company organized on October 8, 1999. Its principal place of business is 4430 N. Civic Center Plaza, #204, Scottsdale, Arizona, 85251. EAGLE ONE is Sales Manager for WORLD CASH PROVIDERS, LLC, from September 9, 1999. MELKOWSKI is its President and co-owner with his wife, Susan Melkowski.

11. MELKOWSKI, EAGLE COMMUNICATIONS, and EAGLE ONE may be collectively referred to as "MELKOWSKI."

12. GERALD B. "JERRY" JOHNSON ("JOHNSON") is an individual, whose last known address is 2010 W. Summit Place, Chandler, Arizona, 85224-1170. JOHNSON was President and Director of WIRELESS from its initial incorporation until at least June 2000, and a Director of WEPS.

13. KIMBER LEA BAUDOUR ("BAUDOUR") is an individual, whose last known address is 873 North Crossbow Court, Chandler, Arizona, 85225. BAUDOUR, who was formerly Director of Operations for WORLD CASH PROVIDERS, INC., became Vice President of Operations for WIRELESS from its initial incorporation on March 28, 2000. BAUDOUR became President of WIRELESS and WEPS in or around June 2000.

14. MOBILE CASH, WIRELESS, WEPS, JOHNSON, and BAUDOUR may be collectively referred to as the "MOBILE CASH RESPONDENTS."

15. The respondents may be collectively referred to as "RESPONDENTS."

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III.

FACTS

A. Description of the Business Opportunity Investment Programs: WORLD CASH CTMs and MOBILE CASH WTMs.

16. From in or around January 1999, RESPONDENTS offered and sold within and from Arizona "business opportunities" involving the sale of equipment together with service contracts, whereby the service companies would manage the equipment for the purpose of generating a profit for investors. Until February 2000, when the California DOC found that these business opportunities were securities and ordered WORLD CASH RESPONDENTS to stop selling them in California, the equipment sold was WORLD CASH CTMs. Subsequently, RESPONDENTS moved their bases of operations to Nevada and Arizona. Beginning in or around January 2000, the equipment sold was MOBILE CASH WTMs. Salesmen understood the WTM Program to be a continuation of the CTM Program.

17. The offering documents for WORLD CASH CTMs and MOBILE CASH WTMs describe the equipment as serving a similar function of allowing customers of retail food outlets to use credit or debit cards to transact purchases. The primary difference is that WTMs are wireless handheld machines, while CTMs are stationary terminals similar to ATMs. CTMs are located at the site of retail merchants, and issue tickets to customers that can be used to purchase food. WTMs are placed with retail merchants in order to enable electronic purchase transactions at the customers' points of delivery. The services offered for both investments include locating and installing the equipment with retail merchants, handling or processing the transactions, monitoring and maintaining the equipment, insuring the equipment, and issuing monthly profit distribution checks to the investors or "business owners."

18. The investor agreements for the CTM and WTM business opportunity programs are almost identical, and include a Sales Agreement and a Services (sic) Agreement, offered as a package to all investors. Although the Sales Agreements present options for selecting services from several companies, WORLD CASH PROVIDERS, INC. was the recommended service

company for the CTMs, and WIRELESS and WEPS were the recommended service companies for the WTMs. Services Agreements for only WORLD CASH PROVIDERS, INC. were included in the information packet provided to prospective CTM investors. Services Agreements for only WIRELESS were included in the information packet provided to prospective WTM investors. WEPS was the designated service company for transaction handling for all WIRELESS clients. All Arizona investors selected WORLD CASH PROVIDERS, INC. to service the CTMs, and WIRELESS and WEPS to service the WTMs.

19. From in or around January 1999 through February 2000, WORLD CASH RESPONDENTS and MELKOWSKI offered and sold the WORLD CASH CTM business opportunities within and from Arizona to approximately 100 investors who invested approximately $4,376,300. The minimum investment, which was $7,000 for two CTMs at $3,500 each, increased in or around October 1999 to $9,000 for two CTMs at $4,500 each, for a five-year term.

20. Sometime after February 2000, when the California DOC filed its Desist and Refrain Order against the WORLD CASH RESPONDENTS, WORLD CASH RESPONDENTS and MELKOWSKI stopped selling the CTM business opportunities. By that time, MELKOWSKI and MOBILE CASH RESPONDENTS were already promoting their new program, the MOBILE CASH WTM business opportunities.

21. In late 1999, MELKOWSKI and JOHNSON were involved in one or more meetings with marketers and/or principals of WORLD CASH RESPONDENTS, in Fresno, California, to plan the service operations that would be promoted to investors for management of the WTMs. MELKOWSKI was named as President and Director of WEPS in incorporating documents filed in Nevada. JOHNSON was named as President and Director of WIRELESS in incorporating documents filed in Arizona. The operating headquarters for both WIRELESS and WEPS is, and was at all pertinent times, the same address in Mesa, Arizona.

22. In January 2000, BAUDOUR, who was Director of Operations for WORLD CASH PROVIDERS, INC., was appointed Vice President of WIRELESS, to work with JOHNSON to set up operations to service the WTMs. In June 2000, when JOHNSON retired, BAUDOUR began to act as President of both WIRELESS and WEPS, although MELKOWSKI is reflected as WEPS' President on WEPS' corporate filing until October 19, 2000.

23. From in or around January 2000, MOBILE CASH RESPONDENTS and MELKOWSKI offered and sold the WTM business opportunities within and from Arizona. By mid-October 2000, approximately 104 investors throughout several states had purchased 1645 units together with Services Agreements, totaling approximately $8,225,000 in investment funds. The minimum investment was $10,000 for two WTMs at $5,000 each, for a five-year term.

24. Although the offering documents for the CTM and WTM investment programs describe options for different levels of managing the equipment, in practice, all investors selected the full-service option, which offered a revenue-sharing feature and a buy-back provision. Under the full-service option, investors have no responsibilities with respect to the operation of their equipment beyond signing the service contracts, no financial obligations apart from the initial payment to purchase the units, no continuing financial obligation in the operation of their equipment, and no liability for any expenses or costs related to the operation of the equipment. At least one of the services offered to investors, i.e., "transaction handling," requires special expertise. That function, purportedly handled by WORLD CASH PROVIDERS, INC. for the CTMs and WEPS for the WTMs, involves processing transactions, and is the key to generating a profit for investors.

25. The CTMs and WTMs were sold to unsophisticated investors who had no experience in or knowledge of the cash ticket machine or wireless terminal businesses, and who never intended to take possession of, or to manage, the equipment. Many investors are retired persons and do not even know where their equipment is located. Through written and oral statements, RESPONDENTS represented that these were passive investments.

26. According to written materials and oral statements made by sales agents, investors in the CTM and WTM programs are supposed to receive a) minimum monthly revenue equivalent to 13% of their original investment, generated from the operation of their equipment; b) a share of the monthly net profit on each machine in excess of the base monthly payment; c) a full return of their investment at the end of the five-year term because they have a right to sell the equipment back to the service company for the original amount of the investment, or to renew the investment; and d) if the monthly revenue from the operation of the machines falls below the base payment, the right to request that the service companies repurchase the equipment for the original sales price, or relocate the equipment to another location with the potential for a higher profit from sharing in increased revenue.

27. Under the CTM Equipment Sales Agreement, WORLD CASH PROVIDERS, L.L.C. represented to investors that the "Closing" of the transactions contemplated by the Equipment Sales Agreement, which included delivery of the CTMs and "Leased Site" assignments to the Purchaser or the Purchaser's Agent, would occur within 30 days of the receipt of the completed contracts and collected funds. If for any reason such Closing did not occur, then the Purchaser's payment was to be promptly returned to the Purchaser. WORLD CASH PROVIDERS, INC., who was agent for the investor pursuant to the Services Agreement, represented to investors that their monthly distribution payments would be based upon the equipment revenues collected by the service company. Many investors received monthly "revenue" distribution payments, although their equipment was never delivered or placed in service and generated no revenue. Those investors were never informed that their equipment was not delivered or placed in service, and their funds were not returned to them.

28. WORLD CASH PROVIDERS, INC. paid CTM investors monthly "revenue" distribution checks until around June 2000, when the payments stopped. Many CTM investors received monthly revenue payments even though they were never notified of the location of their machines. Although investors were told that they were to share in any revenues that exceeded

their base monthly distributions, investors were never given any accounting that reflected the actual revenue generated from operation of their CTMs.

29. As of January 11, 2001, WIRELESS and WEPS have not placed a single WTM in service for investors. Since April 2000, WIRELESS has paid and is continuing to pay WTM investors monthly distribution payments, although no revenue has been generated. The distribution payments have been made from funds wire-transferred to WIRELESS from MOBILE CASH, the company that sold the equipment to investors and received the investors' funds. From April through December 2000, according to WIRELESS's own accounting records, WTM investors were paid a total of approximately $458,471.00 in distributions. Investors were not informed that their monthly "revenue distributions" were not generated from the operation of their machines, or that their machines were not in operation.

B. Sales and Marketing Network for the "Business Opportunities."

30. WORLD CASH RESPONDENTS and MELKOWSKI recruited and trained a network of Sales Representatives, referred to as "agents." These RESPONDENTS provided the salesmen with all necessary paperwork, trained the agents for selling the business opportunities, and paid them commissions based upon the amount of money invested through their sales and marketing efforts. After these RESPONDENTS stopped selling WORLD CASH CTMs, many of the same agents started selling the MOBILE CASH WTM business opportunities.

31. MELKOWSKI was paid commissions for the sales made by at least 17 sales agents (hereinafter referred to as the "EAGLE Agents"). MELKOWSKI negotiated commission splits individually with his EAGLE Agents and paid them from his own account. MELKOWSKI's commissions for the sale of the CTM business opportunities was 16-19% of the investors' funds, and his commissions for the sale of the WTM business opportunities is 20% of investors' funds. MELKOWSKI decided what commissions to pay to each of his EAGLE Agents individually.

32. WORLD CASH RESPONDENTS, MOBILE CASH, and MELKOWSKI provided sales conferences and training sessions for agents, to coach them on how to sell the investment

programs. MELKOWSKI made presentations at some of the sessions. Training sessions for CTM agents were held at the home offices of WORLD CASH RESPONDENTS in Fresno, California, until the California DOC issued desist and refrain orders against WORLD CASH RESPONDENTS and its promoters in February 2000. In or around March 2000, a training session was held in Las Vegas, Nevada to instruct WTM agents how to present the MOBILE CASH/WIRELESS/WEPS WTM investment program.

33. MELKOWSKI and his EAGLE Agents made cold-calls to prospective investors and offered to go to their homes to discuss their financial situation for no charge, then offered and sold them the CTM or WTM business opportunities investments.

34. MELKOWSKI and his EAGLE Agents scheduled seminars throughout Arizona, which were advertised in local newspapers, in which the business opportunities were described as "alternative investments." EAGLE Agents would go to the homes of prospective investors to develop the prospects and offer and sell them the CTM and WTM business opportunities.

35. MELKOWSKI and his EAGLE Agents represented that these investments were more profitable than other investments, and encouraged investors to transfer their funds from CDs, mutual funds, and annuities, for their financial betterment.

IV.

VIOLATION OF A.R.S. § 44-1841

(Offer and Sale of Unregistered Securities)

36. From in or about January 1999, RESPONDENTS offered and sold securities in the form of investment contracts and/or evidences of indebtedness, within or from Arizona.

37. These securities were not registered pursuant to Articles 6 or 7 of the Securities Act.

38. This conduct violates A.R.S. § 44-1841.

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V.

VIOLATION OF A.R.S. § 44-1842

(Transactions by Unregistered Dealers or Salesmen)

39. RESPONDENTS offered or sold securities within or from Arizona while not registered as dealers or salesmen pursuant to Article 9 of the Securities Act.

40. This conduct violates A.R.S. § 44-1842.

VI.

VIOLATION OF A.R.S. § 44-1991

(Fraud in Connection with the Offer or Sale of Securities)

41. In connection with the offer or sale of securities within or from Arizona, RESPONDENTS directly or indirectly: (i) employed a device, scheme or artifice to defraud; (ii) made untrue statements of material fact or omitted to state material facts which were necessary in order to make the statements made not misleading in light of the circumstances under which they were made; or (iii) engaged in transactions, practices or courses of business which operated or would operate as a fraud or deceit upon offerees and investors. RESPONDENTS' conduct includes, but is not limited to, the following:

a) RESPONDENTS misrepresented the safety of these investments and failed to disclose risks, including the potential loss of investment funds.

b) WORLD CASH RESPONDENTS and MELKOWSKI misrepresented to CTM investors that their equipment would be delivered within 30 days of their completed contract.

c) WORLD CASH RESPONDENTS and MELKOWSKI failed to disclose that many of the CTMs that were purchased were never delivered or placed in service

d) WORLD CASH RESPONDENTS and MELKOWSKI represented that WTM investors were to receive monthly distributions from the revenue generated from the operation of their CTMs. In fact, however, monthly distributions were being paid to many investors for CTMs that were never placed in service for them.

e) MOBILE CASH RESPONDENTS and MELKOWSKI represented that WTM investors were to receive monthly distributions from the revenue generated from the operation of their WTMs. In fact, however, from April through December 2000, WIRELESS distributed monthly payments to investors although no equipment was placed in service for any investors.

f) MOBILE CASH RESPONDENTS and MELKOWSKI failed to disclose to WTM investors that no WTMs had been placed in service. MOBILE CASH RESPONDENTS continued to conceal this fact by paying investors their monthly "revenue" distributions with funds borrowed from MOBILE CASH.

g) MOBILE CASH RESPONDENTS and MELKOWSKI failed to disclose to new WTM investors that monthly distributions from WIRELESS to investors were paid out of funds provided by MOBILE CASH.

h) MOBILE CASH RESPONDENTS and MELKOWSKI failed to disclose that WIRELESS and WEPS, the service companies that were supposed to manage the WTMs to generate revenue for the distributions to investors, were incurring debt to MOBILE CASH, which totaled over $500,000 by October 2000, and had not even begun service operations.

i) WORLD CASH PROVIDERS, LLC and MELKOWSKI failed to disclose that the sales commissions that they were paying, or receiving, from the CTM investments was 16-19% of the investors' funds.

j) MOBILE CASH and MELKOWSKI failed to disclose that the sales commissions that they were paying, or receiving, from the WTM investments was 20% of the investors' funds.

k) WORLD CASH RESPONDENTS and MOBILE CASH RESPONDENTS failed or refused to disclose any financial or background information about the issuers or their principals.

l) MOBILE CASH RESPONDENTS and MELKOWSKI represented to investors and their sales agents that the MOBILE CASH WTM business opportunities were not securities and failed to disclose:

(1) That on February 8, 2000, the California DOC issued orders finding that the business opportunities or investment contracts involving CTMs were securities and ordering WORLD CASH RESPONDENTS, its presidents, and two Directors of WEPS, Paul Michael ("Mike") Goodman and John P. Steele, to desist and refrain from the unlawful sale of these securities in California.

(2) That on February 10, 2000, the California DOC filed a lawsuit in Sacramento County Superior Court against several entities and individuals including three directors of WEPS, Claude D. Smith, Billy Ray Smith and Brian T. Griggs, alleging the illegal and fraudulent offer and sale of an estimated $20 million of securities in the form of short-term promissory notes to hundreds of investors, many of them elderly. The funds were to be used for investments in commercial automated teller machines, cash ticket machines, and discount telephone service systems in economy motel rooms.

42. This conduct violates A.R.S. § 44-1991.

43. As a separate and additional basis for liability under A.R.S. § 44-1991, during the above violations of A.R.S. § 44-1991, MELKOWSKI, JOHNSON, and BAUDOUR directly or indirectly controlled WIRELESS, WEPS and/or the EAGLE Agents within the meaning of A.R.S. § 44-1999. Therefore, these Respondents are liable to the same extent as WIRELESS, WEPS and/or the EAGLE Agents for their violations of A.R.S. § 44-1991.

44. As a separate and additional basis for liability under A.R.S. § 44-1991, MELKOWSKI, JOHNSON, and BAUDOUR made, participated in or induced the sale or purchase

of a security within the meaning of A.R.S. § 44-2003(A). Therefore, these Respondents are liable for the above violations of A.R.S. § 44-1991.

VII.

REQUESTED RELIEF

The Division requests that the Commission grant the following relief against RESPONDENTS:

1. Order RESPONDENTS to permanently cease and desist from violating the Securities Act, pursuant to A.R.S. § 44-2032;

2. Order RESPONDENTS to take affirmative action to correct the conditions resulting from their acts, practices or transactions, including a requirement to make restitution pursuant to A.R.S. § 44-2032;

3. Order RESPONDENTS to pay the state of Arizona administrative penalties of up to five thousand dollars ($5,000) for each violation of the Securities Act, pursuant to A.R.S. § 44-2036; and

4. Order any other relief that the Commission deems appropriate.

VIII.

HEARING OPPORTUNITY

RESPONDENTS may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. R14-4-306. A request must be in writing and received by the Commission within 10 business days after service of this Notice of Opportunity for Hearing. Each RESPONDENT requesting a hearing must deliver or mail the request to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007. A Docket Control cover sheet must accompany the request. A cover sheet form and instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at www.cc.state.az.us/utility/forms/index.htm.

If a request for a hearing is timely made, the Commission shall schedule the hearing to begin 20 to 60 days from the receipt of the request unless otherwise provided by law, stipulated by the

parties, or ordered by the Commission. If a request for a hearing is not timely made, the Commission may, without a hearing, enter an order against each RESPONDENT who did not request a hearing granting the relief requested by the Division in this Notice of Opportunity for Hearing.

Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format. To request an alternate format or an accommodation, contact Shelly M. Hood, ADA Coordinator, voice phone number 602/542-3931, e-mail shood@cc.state.az.us. Requests should be made as early as possible to allow time to arrange the accommodation.

Dated this 25th day of January, 2001.

Victor Rodarte
Assistant Director of Securities

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