

STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT

IN THE MATTER OF: RODERICK JAMES RIEMAN,)
MICHAEL J. CROOK)
Z TOUCH SYSTEMS, INC.,)
INNOVATIVE FINANCIAL) File No. 0500002
SERVICES, INC.,) File No. 0600051
THEIR OFFICERS, DIRECTORS,)
EMPLOYEES, AFFILIATES, SUCCESSORS,)
AGENTS AND ASSIGNS)

CONSENT ORDER

TO THE RESPONDENTS: Roderick James Rieman
Innovative Financial Services, Inc.
C/O Jose A. Lopez
Schopf and Weiss
312 West Randolph Street
Suite 300
Chicago, Illinois 60606-1721

WHEREAS, Respondent Roderick James Rieman and Innovative Financial Services, Inc. (the "Respondents") on October 17, 2006, executed a certain Stipulation To Enter Consent Order (the "Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, the Respondents have admitted to the jurisdiction of the Secretary of State and service of the Notice of Hearing in this matter and the Respondents have consented to the entry of this Consent Order of Prohibition.

WHEREAS, the Secretary of State, by and through his designated representative, the Securities Director, has determined that the matter related to the aforesaid formal hearing may be dismissed without further proceeding.

WHEREAS, the Respondents have acknowledged, while neither admitting or denying the truth thereof, that the allegations contained in paragraph seven (7) of the Stipulation shall be adopted as the Secretary of State's Findings of Fact as follows:

1. That Respondent, Innovative Financial Services, Inc., (Innovative Financial Services) is an Illinois Registered

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Corporation, with a last known address of 937 Williamsburg Drive, Naperville, Illinois 60540;

2. That at all times relevant, Respondent Roderick James Rieman was President of Innovative Financial Services, Inc.;
3. That on or about April 12, 2004, Respondents Roderick James Rieman and Innovative Financial Services, their Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns, offered and sold to WU, an Illinois resident, a Letter of Intent whereby in return for an investment amount of \$30,000, WU was promised to receive a return of his original investment plus 112,500 shares of Z Touch by October 12, 2005, a time period of 18 months after his original investment;
4. That on or about January 22, 2005, Respondents Roderick James Rieman and Innovative Financial Services, their Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns, offered and sold to RA and DA (husband and wife), Illinois residents, a Kiosk Agreement whereby RA and DA paid \$22,500 from their IRA account for 3 units of Z Touch Systems Kiosk from Respondents at a rate of \$7,500 per machine, to be managed and serviced by Respondents, and in return for said investment, RA and DA were promised to receive 36 monthly interest payments in the amount of \$337.50 with the condition that if each payment is not paid on time, the remaining balance will be subject to interest at an annual rate of 18%; Respondents further promised to pay RA and DA the total principal amount at the end of the aforesaid 36 months;
5. That on or about August 17, 2005, Respondents Roderick James Rieman and Innovative Financial Services, their Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns, offered and sold to RA and DA (husband and wife), Illinois residents, a Kiosk Agreement whereby RA and DA paid \$30,000, consisting of payment from their IRA account in the amount of \$29,087.56 plus accrued interest in the amount of \$912.44 from the January 22, 2005, transaction, for 4 units of Z Touch Systems Kiosk from Respondents at a rate of \$7,500 per machine, to be managed and serviced by Respondents, and in return for said investment, RA and DA were promised to receive 36 monthly interest payments in the amount of \$436.30 with the condition that if each payment is not paid on time, the remaining balance will be subject to

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interest at an annual rate of 18%; Respondents further promised to pay RA and DA the total principal amount at the end of the aforesaid 36 months;

6. That the above referenced Kiosk Agreements and Letter of Intent are investment contracts and are therefore securities as that term is defined pursuant to Section 2.1. of the Illinois Securities Law of 1953 [815 ILCS 5/1 et seq.] (the "Act");
7. That at all times relevant hereto, Respondents Roderick James Rieman and Innovative Financial Services, their Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns, failed to file an application for registration of the above-referenced securities with the Secretary of State prior to their offer or sale in the State of Illinois;
8. That Section 5 of the Act provides, inter alia, that all securities except those exempt under Section 3 of the Act or those offered and sold in transactions exempt under Section 4 of the Act shall be registered with the Secretary of State prior to their offer or sale in the State of Illinois;
9. That Section 12.A of the Act provides, inter alia, that it shall be a violation of the Act for any person to offer or sell securities except in accordance with the provisions of the Act;
10. That Section 12.D of the Act provides, inter alia, that it shall be a violation of the Act for any person to fail to file with the Secretary of State any document or application required to be filed under the provisions of the Act;
11. That WU did not receive any return of his original investment nor 112,500 shares of Z Touch by October 12, 2005, a time period of 18 months after his original investment;
12. That on or about July 12, 2005, RA and DA received a check from Respondents in the amount of \$337.50 which represented an interest payment on their aforesaid investments with Respondents;

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13. That RA and DA have received no further monthly interest checks or return of any kind on their investments described and stated in paragraphs 4 and 5 with Respondents;
14. That at all times relevant, Respondents failed and refused to apprise RA, DA, and WU of any risks pertaining to their investments described and stated in paragraphs 3 through 5 that might prevent the express terms of the aforesaid Kiosk Agreements and Letter of Intent, including the payment of interest and repayment of principal as promised, from being honored and carried out;
15. That Respondents entered into the aforesaid August 17, 2005, Kiosk Agreement with RA and DA only two months prior their default of the repayment of principal due to WU on October 12, 2005, when Respondents knew or should have known the specific risks involved in the purchase of the aforesaid Kiosk Agreement that could prevent payment of the stated interest payments and principal, but failed to disclose such risks to RA and DA at the time of August 17th transaction;
16. That Section 12.F of the Act provides, inter alia, that it shall be a violation of the Act for any person to engage in any transaction, practice or course of business in connection with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof;
17. That Section 12.G of the Act provides, inter alia, that it shall be a violation of the Act for any person to obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission 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;
18. That Section 11.E(2) of the Act provides, inter alia, that if the Secretary of State shall find that any person has violated subsections D, F, or G of Section 12 of the Act, the Secretary of State may by written order prohibit the person from offering or selling any securities in this State;
19. That Section 11.E(4) of the Act provides, inter alia, that if the Secretary of State, after finding that any provision of the Act has been violated, may impose a fine as provided

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by rule, regulation or order not to exceed \$10,000.00 for each violation of the Act, as well as the costs of investigation and reasonable expenses;

20. That by virtue of the foregoing, the Respondents Roderick James Rieman and Innovative Financial Services, their Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns, are subject to a fine of up to \$10,000.00 per violation, costs of investigation, reasonable expenses, an order of censure and an order which permanently prohibits the Respondents from offering or selling securities in the State of Illinois.

WHEREAS, the Respondents have acknowledged, while neither admitting or denying the truth thereof, that the allegations contained in paragraph eight (8) of the Stipulation shall be adopted as the Secretary of State's Conclusions of Law as follows:

1. That by virtue of the foregoing, the Respondents Roderick James Rieman and Innovative Financial Services, their Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns, violated Sections 12.A, 12.D, 12.F and 12.G of the Act;
2. That by virtue of the foregoing, the Respondents Roderick James Rieman and Innovative Financial Services, their Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns, are subject to costs of investigation in the amount of \$1,500 and an order which permanently prohibits them from offering or selling securities in the State of Illinois.

NOW THEREFORE IT IS HEREBY ORDERED THAT:

1. The foresaid allegations contained in the Stipulation shall be and are hereby adopted as the Secretary of State's Findings of Fact and Conclusions of Law;
2. The Respondent shall within 60 days of the entry of aforesaid Consent Order, pay costs of investigation in the amount of \$1,500 to the Illinois Secretary of State, and that such payment will be made by money order or cashier's check payable to the Illinois Secretary of State;

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3. The Respondents shall be permanently prohibited from offering and selling securities in the State of Illinois;

ENTERED: This 13th day of October, 2006.

 

JESSE WHITE
Secretary of State
State of Illinois

NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12(D) of the Illinois Securities Law of 1953 [815 ILCS 5] (the "Act"). Any person or entity who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of this Order, shall be guilty of a Class 4 felony.

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