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Texas State Securities Board

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MEMBER

SSB Docket No. 03-020

IN THE MATTER OF
DAVID L. REID, JR. AND
CASHEXCHANGE

§
§
§

Order No. CDO-1511

TO: David L. Reid, Jr.
976 Weatherred Drive
Richardson, Texas 75080

CashExchange
976 Weatherred Drive
Richardson, Texas 75080

EMERGENCY CEASE AND DESIST ORDER

This is your OFFICIAL NOTICE of the issuance by the Deputy Securities Commissioner of the State of Texas ("Deputy Securities Commissioner") of an EMERGENCY CEASE AND DESIST ORDER pursuant to Section 23-2 of The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et seq. (Vernon 1964 & Supp. 2003) ("Texas Securities Act").

The Staff of the Enforcement Division ("the Staff") of the Texas State Securities Board ("the Securities Board") has presented evidence sufficient for the Deputy Securities Commissioner to find that:

FINDINGS OF FACT

1. CashExchange ("Respondent CashExchange") is a business entity founded by David L. Reid, Jr. with an address of 976 Weatherred Drive, Richardson, Texas 75080. There is no record with the Texas Secretary of State of a foreign or domestic business entity doing business in Texas under this name.
2. David L. Reid, Jr. ("Respondent Reid") is listed as the CashExchange founder on the website cashexchangeteam.com. He is also the current registrant listed with Bulkregister, under the name David Reid, for the URL cashexchangeteam.com, with an address of 976 Weatherred Drive, Richardson, Texas 75080.
3. During and about March, 2003, Respondents placed, or permitted to be placed, an advertisement on the Internet located at the website with the following URL: <http://www.cashexchangeteam.com> seeking to make available investment opportunities to the public. Respondents represent that:

CashExchange is the most simple yet most effective program you will EVER join. With a small investment of \$10 or \$20, you will receive a 500% return on your initial investment.

CashExchange operates on a straight-line matrix. Each time 6 shares are purchased, a \$50 or \$100 return is generated for the next person in line!!!

If you follow the 14-Step Investment Plan, you could potentially earn up to \$1,500,000!!!

The CashExchange website indicates that an investor must use StormPay in order to make the investment and that investment returns will be received through StormPay. Investments can be made in \$5, \$10, or \$20 increments.

The website also offers the CashExchange Platinum Group for "aggressive investors". The CashExchange website indicates that investors must invest at least \$10 per week in the program. The website states that "as a member, you are guaranteed 1 to 3 quick cash-outs (depending on how much you spend) and profit sharing each month."

The CashExchange website has a FAQs page. On this page, the question "Is this legal?" is asked. The CashExchange website response is "Yes!! CashExchange is 100% legal. In return for your investment, you are given access to various marketing materials consisting of a list of safelists, example promotional ads, etc. Any program that provides a product or some form of service is 100% legal."

4. The records of the Texas State Securities Board fail to reflect that any securities issued by Respondent CashExchange have been registered by qualification, notification or coordination and no permit has been granted for the sale of such securities in Texas by the Securities Commissioner.
5. Respondents at all times relevant to this order have not been registered with the Securities Commissioner as securities dealers, agents, investment advisors or investment advisor representatives.

CONCLUSIONS OF LAW

1. The CashExchange investment program is a security, as that term is defined in Section 4.A of the Texas Securities Act, to-wit; an investment contract and an evidence of indebtedness.
2. Respondents offered for sale the above-described securities in Texas, as the term "offer for sale" is defined in Section 4.E of the Texas Securities Act.
3. Respondents violated Section 7 of the Texas Securities Act by offering for sale the above-described securities in Texas without the securities being registered with the Securities Commissioner.

4. Respondents are acting as dealers in securities, as that term is defined in Section 4.C of the Texas Securities Act.
5. Respondents violated Section 12 of the Texas Securities Act by offering securities for sale in Texas without being registered pursuant to the provisions of Section 12 of the Texas Securities Act.
6. Respondents' conduct, acts and practices threaten immediate and irreparable harm to the public.
7. The foregoing violations constitute bases for the issuance of an Emergency Cease and Desist Order pursuant to Section 23-2 of the Texas Securities Act.

ORDER

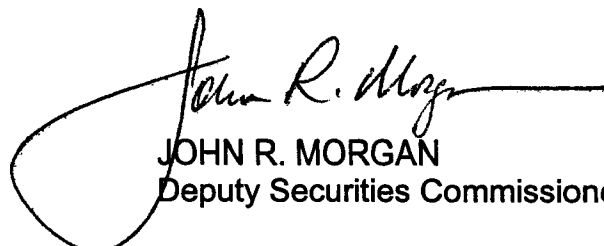
1. It is therefore ORDERED that Respondents immediately CEASE AND DESIST from acting as securities dealers in Texas until Respondents are registered or an available exemption is utilized.
2. It is further ORDERED that Respondents immediately CEASE AND DESIST from offering securities in Texas until the securities have been registered with the Securities Commissioner or an available exemption is utilized.

NOTICE

Pursuant to Section 23-2 of the Texas Securities Act, you may request a hearing before the 31st day after the date you were served with this Order. The request for a hearing must be in writing, directed to the Securities Commissioner, stating the grounds for the request to set aside and modify the Order. Failure to request a hearing will result in the Order becoming final and non-appealable.

You are advised under Section 29.D of the Texas Securities Act that any knowing violation of an order issued by the Securities Commissioner under the authority of Section 23-2 of the Texas Securities Act is a criminal offense punishable by a fine of not more than \$5,000, or imprisonment in the penitentiary for not more than two years, or by both fine and imprisonment.

SIGNED AND ENTERED by the Deputy Securities Commissioner this 1st day of May, 2003.


JOHN R. MORGAN
Deputy Securities Commissioner