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MEMBER

MAIL: P.O. BOX 13167
AUSTIN, TEXAS 78711-3167

208 E. 10th Street, 5th Floor
Austin, Texas 78701-2407
Phone (512) 305-8300
FAX (512) 305-8310
<http://www.ssb.state.tx.us>

JACK D. LADD
MEMBER

SSB Docket No. 02-34

IN THE MATTER OF
INFORMATION BROKERAGE SYSTEMS, INC.
AND MICHAEL FORBES

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Order No. CDO-1479

TO: Information Brokerage Systems, Inc.
P. O. Box 14038
Lenexa, Kansas 66285
and
21425 W. 83rd Street
Lenexa, Kansas 66219

Michael Forbes, President
Information Brokerage Systems, Inc.
21425 W. 83rd Street
Lenexa, Kansas 66219

EMERGENCY CEASE AND DESIST ORDER

This is your OFFICIAL NOTICE of the issuance by the Securities Commissioner of the State of Texas ("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. 2002) ("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 Securities Commissioner to find that:

FINDINGS OF FACT

1. Information Brokerage Systems, Inc. ("Respondent IBS") is a Kansas corporation whose last known address is 21425 W. 83rd Street, Lenexa, Kansas 66219, with a mailing address of P.O. Box 14038, Lenexa, Kansas 66285. Kansas on-line Secretary of State records disclose that Michael W. Edgecomb is IBS' "resident agent" at the same address.

2. Michael Forbes ("Respondent Forbes") is an individual who, at all times material to this Order, has been identified as the President of Respondent IBS and whose last known business address is the same as Respondent IBS.
3. In or about October, 2002, Respondents, through an unsolicited mailing to a Texas resident ("Investor"), offered for sale and sold an investment described by Respondents as a Deposit Guarantee Contract. The contract states that an investor agrees to deposit a sum of money with Respondent IBS in the form of a "24-month CD loan" (hereinafter "Deposit Guarantee Contract"). The Deposit Guarantee Contract also states that Respondent IBS has 100% collateral in the form of a third party insurance policy that can be "converted into cash within three to seven business days" and used for the sole purpose of repaying the investor. The offering materials sent by Respondent IBS state that Respondent IBS focuses on facilitating high interest government loans that earn between 18% to 30% which enables it to pay 10% to 20% interest. Investor returns are represented as 10% to 20% annually depending on whether the investor receives payments annually (compounded each month) or monthly.
4. The offering materials also state that funds on deposit with Respondent IBS are "fully protected and insured 100% with the best kind of collateral - cash." The offering materials contrast their Deposit Guarantee Contract with FDIC-insured, bank-issued certificates of deposit, stating that, "The problem with FDIC insurance (which is a private corporation, not a government agency like most people are led to believe) is that they're only required to keep 3% collateral..." and that the IBS Deposit Guarantee Contract provides "...over 30 times more insurance than the FDIC."
5. Respondent IBS offers, to purchasers of the Deposit Guarantee Contract, an additional 4% commission for soliciting others to invest into the program. The offer by Respondent IBS states that the participants do not need a license to refer others to the program. Respondent IBS provides those who invested in the Deposit Guarantee Contract a set of instructions and offering materials for distribution and recruitment of potential investors.
6. For the period October 1, 1997 to the present, the records of the Securities Board fail to reflect that any securities issued by Respondent IBS 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.
7. For the period from October 1, 1997, to the present, the records of the Securities Board disclose that Respondent IBS has not been registered by the Securities Commissioner to sell securities or render investment advice in the State of Texas.
8. For the period from October 1, 1997, to the present, the records of the Securities Board disclose that Respondent Forbes has not been registered with the Texas Securities Commissioner as an agent of Respondent IBS to sell securities or render investment advice in the State of Texas.

CONCLUSIONS OF LAW

1. The investments offered by Respondents are securities as defined by Section 4.A of the Texas Securities Act, to wit: investment contracts and evidences of indebtedness.
2. Respondents engaged in the offer for sale and sale of securities in Texas as the terms "offer for sale" and "sale" are defined in Section 4.E of the Texas Securities Act.
3. Respondents violated Section 7 of the Texas Securities Act by offering for sale and selling the above-described securities without the securities being registered with the Securities Commissioner.
4. Respondents are acting as "dealers" or "agents" as those terms are defined in Sections 4.C and 4.D of the Texas Securities Act.
5. Respondents violated Section 12 of the Texas Securities Act by offering for sell and selling securities in Texas without being registered pursuant to the provisions of Section 12 of the Texas Securities Act.
6. Respondents have made statements as set forth in paragraph 4 of the Findings of Fact herein that are misleading or otherwise likely to deceive the public in light of the fact that the collateralization of FDIC deposits does not relate to the safety of those deposits.
7. Respondents' conduct, acts and practices threaten immediate and irreparable harm to the public.
8. 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 offering and selling securities to Texas residents until the securities have been registered with the Securities Commissioner or an available exemption from registration is utilized.
2. It is further ORDERED that Respondents immediately CEASE AND DESIST from acting as securities agents or dealers until they are registered or an available exemption from registration is utilized.
3. It is further ORDERED that Respondents immediately CEASE AND DESIST from making securities offers containing statements that are materially misleading or otherwise likely to deceive the public.

NOTICE

Under 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 or 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 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 such fine and imprisonment.

SIGNED AND ENTERED by the Securities Commissioner this 18th day of October, 2002.


DENISE VOIGT CRAWFORD
Securities Commissioner