

STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES
THE FIRST NATIONAL CENTER, SUITE 860
120 NORTH ROBINSON
OKLAHOMA CITY, OKLAHOMA 73102

In The Matter Of:

Paystar Communications, Inc.

and

Jeff McKay

and

U.S. Cash Exchange, Inc.

Respondents.

ODS File 00-138

ORDER

Pursuant to Section 405 of the Oklahoma Securities Act ("Act"), Okla. Stat. tit. 71, §§ 1-17, 101, 102, 201-204, 301-307, 401-413, 501, 701-703 (1991 & Supp. 1999), the Administrator ("Administrator") of the Oklahoma Department of Securities ("Department") ordered that an investigation be commenced by the Department into the facts and circumstances surrounding sales in and from the state of Oklahoma of certain QuickCash automated teller machine leasing agreements to determine whether any person has violated any provision of the Act or the Rules of the Oklahoma Securities Commission and the Administrator of the Oklahoma Department of Securities ("Rules").

In order to resolve the issues raised as a result of the Department's investigation, Paystar Communications, Inc. ("Paystar"), U.S. Cash Exchange, Inc. ("U.S. Cash") and Jeff McKay ("McKay") (hereinafter collectively referred to as "Respondents"), without admitting or denying the Findings of Fact and Conclusions of Law contained herein and in consideration of the Department taking no further action in relation to the acts and violations described below, consent to the entry of this Order and voluntarily waive the right to notice and hearing as required by the Act, the Rules and the Oklahoma Administrative Procedures Act, Okla. Stat. tit. 75, §250 *et. Seq.*

FINDINGS OF FACT

1. At all times material hereto, U.S. Cash Exchange is described in sales literature and contracts as a privately held corporation with offices in Modesto, California, that specializes in the distribution of QuickCash automated teller machines ("QuickCash ATMs").
2. According to press releases issued by Paystar, Paystar owns and operates U.S. Cash after purchasing U.S. Cash in late 1999.
3. At all times material hereto, McKay is described as the president of U.S. Cash and Paystar.
4. On or about November, 1999, American Financial Associates, a business located in Oklahoma City, Oklahoma, ran advertisements in the *Daily Oklahoman* offering a twelve percent (12%) guaranteed return on an unidentified investment.
5. The advertised investment opportunity involves the purchase and subsequent leasing of QuickCash ATM equipment. An investor is offered the opportunity to purchase ATM cash machines from U.S. Cash for four thousand dollars (\$4,000.00) per machine.
6. An investor is also offered a list of companies that are represented to be in the business of leasing ATM machines such as the ones offered for purchase by American Financial Associates. However, none of the companies listed as leasing options, other than U.S. Cash, actually perform the leasing function described in the sales presentation. The leasing contract with U.S. Cash ("ATM Leasing Agreement") is the only one made available to a person interested in purchasing the ATM equipment.
7. Although an investor is presented with the option to simply purchase the ATM equipment, the only way an investor can make a guaranteed twelve percent (12%) return is to enter into the ATM Leasing Agreement for a term of sixty (60) months.
8. To invest in the ATM Leasing Agreement, an investor executes a "Rental Agreement" and makes a cash payment commensurate with the number of machines an investor wishes to own and lease. In return, an investor receives forty dollars (\$40.00) a month in lease payments from U.S. Cash for each machine purchased. U.S. Cash places, operates and maintains the ATM machines.
9. After the execution of the "Rental Agreement", no further efforts are required of an investor to earn the twelve percent (12%) guaranteed return. All managerial efforts ensuring a profit is made by an investor are performed by the Respondents as part of the ATM Leasing Agreement.
10. The ATM Leasing Agreements are not registered pursuant to the Act.

11. Respondents have agreed to an offer of rescission to all Oklahoma investors who have an ATM Leasing Agreement with Respondents and comply with any regulations or conditions ordered by the Department in connection with the offer of rescission.

CONCLUSIONS OF LAW

1. The ATM Leasing Agreements are securities as defined by Section 2(v) of the Act.

2. Respondents violated Section 301 of the Act by offering and/or selling securities in this state that were not registered under the Act.

3. The Administrator of the Department has the authority, under Section 406(a)(1) of the Act, to order Respondents to cease and desist from engaging in any violation of the Act or doing any act in furtherance thereof.

4. The Administrator of the Department has the authority, under Section 406(a)(5) of the Act, to impose a civil penalty against Respondents for violations of the Act.

ORDER

The Administrator, after review of the foregoing, having found it in the public interest **HEREBY ORDERS** that:

1. Respondents are to immediately cease and desist from offering any securities in and/or from the state of Oklahoma unless those securities are registered or exempt from registration under the Act.

2. Respondents are to immediately cease and desist from engaging or associating with any agent or contractor to offer any security in and/or from the state of Oklahoma unless those agents are registered or exempt from registration under the Act.

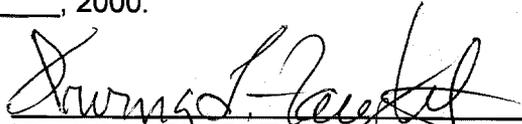
3. Respondents shall make an offer to rescind all sales of the ATM Leasing Agreements to Oklahoma residents. The rescission offer to each Oklahoma investor shall be equal to the purchase price of the investment contract plus ten (10) percent interest per year from the date of purchase, less the amount of any income received on the security. The rescission offer shall be made in compliance with Section 301 of the Act by requesting an order of exemption under Section 401(b)(22) on or before sixty (60) days from the issuance of the Order by the Administrator. In connection with the exemption request, Respondents shall file with the Department an offering document that includes all material information about Respondents necessary for the investor to make an informed investment decision with respect to the rescission offer. After notice from the Department of the issuance of an order granting exemption, Respondents shall provide

each investor with a copy of the offering document simultaneous with the commencement of the rescission offer. The rescission offer shall commence within sixty (60) days of receipt by Respondents of the order of the Department granting the above described exemption. Respondents shall apply for the exemption within 30 days of Respondents' receipt of the signed Consent Order. Each investor shall have thirty (30) days from receipt of the rescission offer and offering document to notify Respondents of their acceptance or rejection of the offer. Further, Respondents shall provide to the Department an affidavit certifying that each investor has been given notice of the rescission offer. Within thirty (30) days of the termination of the rescission offer, Respondents shall pay each investor accepting the rescission offer the full amount due as set forth above. The list shall be provided to the Department of all persons to whom the rescission offer is made and a copy of each investor rescission preference form completed by the investor indicating whether the person has accepted the offer of rescission or rejected the offer. Respondents shall bear all costs in preparing, filing and completing each rescission offer.

4. If Respondents comply with the terms of this Order the Administrator shall not pursue any further action on account of this matter and no civil penalty shall be imposed.

WITNESS MY HAND and the Official Seal of the Oklahoma Department of Securities this 24 of July, 2000.

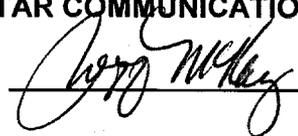
(SEAL)


IRVING L. FAUGHT, ADMINISTRATOR OF
THE OKLAHOMA DEPARTMENT OF
SECURITIES

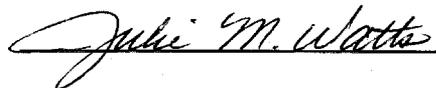
ACCEPTANCE OF RESPONDENTS

Respondents represent that they have read, understand and voluntarily consent to the issuance of the Order, that the consent and waivers contained herein are voluntary and given without threat, offer, promise, or inducement of any kind or nature having been made or given by the Department, its staff, the Administrator, or the Oklahoma Securities Commission.

PAYSTAR COMMUNICATIONS, INC.

By:  _____

Attest:

 _____

Date: 7/6/00 _____

Address: 1110 Kettleman Lane Suite 48
Lodi, CA 95242

U.S. CASH, INC.

By: Jeff McKay

Attest: Julie M. Watts

Date: 7/6/00

Address: 3001 Coffee Road Suite 3
Modesto, CA 95350

JEFF MCKAY

By: Jeff McKay

Attest: Julie M. Watts

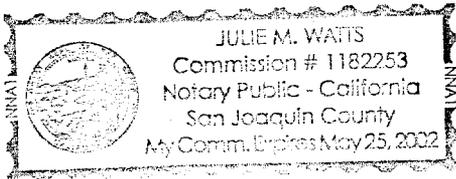
Date: 7/6/00

Address: 2400 Mauna Kea Drive
Ceres, CA 95397

State of ~~Oklahoma~~ CALIFORNIA
County of SAN JOAQUIN

On this 6th day of JULY, 2000, Paystar, U.S. Cash and McKay, being known to me to be the individual who executed the foregoing, personally appeared before me and did duly acknowledge to me that he executed the same.

(Seal)



Julie M. Watts
Notary Public

My commission expires: 5-25-2002

