

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)

NOTICE OF HEARING

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

Michael J. Crook
Z Touch Systems, Inc.
6375 South Pecos Road
Suite 121
Las Vegas, Nevada 89120

You are hereby notified that pursuant to Section 11.F of the Illinois Securities Law of 1953, [815 ILCS 5/1 et seq.] (the "Act") and 14 Ill. Adm. Code 130, Subpart K, a public hearing will be held at 300 West Jefferson Street, Suite 300A, Springfield, Illinois 62702, on the 20th day of September, 2006, at the hour of 10:00 a.m., or as soon thereafter as counsel may be heard, before Jon K. Ellis, or such other duly designated Hearing Officer of the Secretary of State.

Said hearing will be held to determine whether an Order of Prohibition should be entered against Roderick James Rieman, Michael J. Crook, Innovative Financial Services, Inc., Z Touch Systems, Inc., their Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns (the "Respondents") in the State of Illinois and granting such other relief as may be authorized under the Act including but not limited to imposition of a

Notice of Hearing

-2-

monetary fine in the maximum amount pursuant to Section 11 of the Act, payable within ten (10) days of the entry of the Order.

The grounds for such proposed action are as follows:

1. That Respondent, Z Touch Systems, Inc., (Z Touch) is a business entity with a last known address of 6375 S. Pecos Rd., Suite 121, Las Vegas, Nevada 89120;
2. That Respondent, Innovative Financial Services, Inc., (Innovative Financial Services) is an Illinois Registered Corporation, with a last known address of 937 Williamsburg Drive, Naperville, Illinois 60540;
3. That at all times relevant, Respondents Michael J. Crook and Roderick James Rieman were Officers, Directors, Agents or Employees of Z Touch Systems, Inc.;
4. That at all times relevant, Respondent Roderick James Rieman was President of Innovative Financial Services, Inc.;
5. That on or about April 12, 2004, Respondents Roderick James Rieman, Michael J. Crook, Z Touch 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;
6. That on or about January 22, 2005, Respondents Roderick James Rieman, Michael J. Crook, Z Touch 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

Notice of Hearing

-3-

the total principal amount at the end of the aforesaid 36 months;

7. That on or about August 17, 2005, Respondents Roderick James Rieman, Michael J. Crook, Z Touch 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 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;
8. 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");
9. That at all times relevant hereto, Respondents Roderick James Rieman, Michael J. Crook, Z Touch 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;
10. 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;
11. 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;

Notice of Hearing

-4-

12. 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;
13. That by virtue of the foregoing, Respondents Roderick James Rieman, Michael J. Crook, Z Touch and Innovative Financial Services, their Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns, have violated Sections 12.A and 12.D of the Act;
14. 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, or at any time thereafter;
15. 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;
16. That RA and DA have received no further monthly interest checks or return of any kind on their investments described and stated in paragraphs 6 and 7 with Respondents;
17. 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 5 through 7 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;
18. 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;
19. 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

Notice of Hearing

-5-

connection with the sale or purchase of securities which works or tends to work a fraud or deceit upon the purchaser or seller thereof;

20. 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;
21. That by virtue of the foregoing, Respondents Roderick James Rieman, Michael J. Crook, Z Touch and Innovative Financial Services, their Officers, Directors, Employees, Affiliates, Successors, Agents and Assigns, have violated Sections 12.F and 12.G of the Act;
22. 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;
23. 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 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;
24. That by virtue of the foregoing, the Respondents Roderick James Rieman, Michael J. Crook, Z Touch 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.

You are further notified that you are required pursuant to Section 130.1104 of the Rules and Regulations (14 Ill. Adm. Code 130) (the "Rules"), to file an answer to the allegations outlined above or a Special Appearance pursuant to Section 130.1107 of the Rules, or other responsive pleading within thirty days of the

Notice of Hearing

-6-

receipt of this notice. Your failure to do so within the prescribed time shall be deemed an admission of the allegations contained in the Notice of Hearing and waives your right to a hearing.

Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to so appear shall constitute default.

Delivery of notice to the designated representative of any Respondent constitutes service upon such Respondents.

Dated this 11th day of July, 2006.



Jesse White
Secretary of State
State of Illinois

Attorney for the Secretary of State:
Johan Schripsema
Illinois Securities Department
Jefferson Terrace, Suite 300A
300 West Jefferson Street
Springfield, Illinois 62702

Hearing Officer:
Jon K. Ellis
1035 South 2nd Street
Springfield, Illinois 62704
Telephone (217) 528-6835
Fax: (217) 528-6837