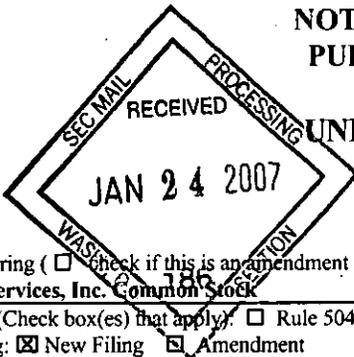


UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

858452

FORM D

NOTICE OF SALE OF SECURITIES
PURSUANT TO REGULATION D,
SECTION 4(6), AND/OR
UNIFORM LIMITED OFFERING
EXEMPTION



PROCESSED
JAN 29 2007
THOMSON
FINANCIAL

Name of Offering (check if this is an amendment and name has changed, and indicate change.)

Transcend Services, Inc. Common Stock

Filing Under (Check box(es) that apply): Rule 504 Rule 505 Rule 506 Section 4(6) ULOE

Type of Filing: New Filing Amendment

A. BASIC IDENTIFICATION DATA

1. Enter the information requested about the issuer

Name of Issuer (check if this is an amendment and name has changed, and indicate change.)

Transcend Services, Inc.

Address of Executive Offices (Number and Street, City, State, Zip Code)

945 E. Paces Ferry Road - Suite 1475
Atlanta, GA 30326

Telephone Number (Including Code)

404-364-8000

Address of Principal Business Operations (Number and Street, City, State, Zip Code) (if different from Executive Offices)

Telephone Number (Including Area Code)

Brief Description of Business

A pre-eminent provider of medical transcription services to health systems, hospitals, clinics and physician practices.

Type of Business Organization

corporation

limited partnership, already formed

other (please specify):

business trust

limited partnership, to be formed

Actual or Estimated Date of Incorporation or Organization: Month Year Actual Estimated
0 8 8 7

Jurisdiction of Incorporation or Organization: (Enter two-letter U.S. Postal Service abbreviation for State: CN for Canada; FN for other foreign jurisdiction) G A

GENERAL INSTRUCTIONS

Federal:

Who Must File: All issuers making an offering of securities in reliance on an exemption under Regulation D or Section 4(6), 17 CFR 230.501 et seq. or 15 U.S.C. 77d(6).

When To File: A notice must be filed no later than 15 days after the first sale of securities in the offering. A notice is deemed filed with the U.S. Securities and Exchange Commission (SEC) on the earlier of the date it is received by the SEC at the address given below or, if received at that address after the date on which it is due, on the date it was mailed by United States registered or certified mail to that address.

Where To File: U.S. Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549

Copies Required: Five (5) copies of this notice must be filed with the SEC, one of which must be manually signed. Any copies not manually signed must be photocopies of the manually signed copy or bear typed or printed signatures.

Information Required: A new filing must contain all information requested. Amendments need only report the name of the issuer and offering, any changes thereto, the information requested in Part C, and any material changes from the information previously supplied in Parts A and B. Part E and the Appendix need not be filed with the SEC.

Filing Fee: There is no federal filing fee.

State:

This notice shall be used to indicate reliance on the Uniform Limited Offering Exemption (ULOE) for sales of securities in those states that have adopted ULOE and that have adopted this form. Issuers relying on ULOE must file a separate notice with the Securities Administration in each state where sales are to be, or have been made. If a state requires the payment of a fee as a precondition to the claim for the exemption, a fee in the proper amount shall accompany this form. This notice shall be filed in the appropriate states in accordance with state law. The Appendix to the notice constitutes a part of this notice and must be completed.

ATTENTION

Failure to file notice in the appropriate states will not result in a loss of the federal exemption. Conversely, failure to file the appropriate federal notice will not result in a loss of an available state exemption unless such exemption is predicated on the filing of a federal notice.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1972 (2-97)

A. BASIC IDENTIFICATION DATA (continued)

2. Enter the information requested for the following

- Each promoter of the issuer, if the issuer has been organized within the past five years;
- Each beneficial owner having the power to vote or dispose or direct the vote or disposition of, 10% or more of a class of equity securities of the issuer;
- Each executive officer and director of corporate issuers and of corporate general and managing partners of partnership issuers; and
- Each general and managing partner of partnership issuers.

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)
Larry G. Gerdes

Business or Residence Address (Number and Street, City, State, Zip Code)
945 E. Paces Ferry Road - Suite 1475 Atlanta, GA 30326

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)
Lance Cornell

Business or Residence Address (Number and Street, City, State, Zip Code)
945 E. Paces Ferry Road - Suite 1475 Atlanta, GA 30326

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)
Jeanne N. Bateman

Business or Residence Address (Number and Street, City, State, Zip Code)
945 E. Paces Ferry Road - Suite 1475 Atlanta, GA 30326

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)
Joseph P. Clayton

Business or Residence Address (Number and Street, City, State, Zip Code)
945 E. Paces Ferry Road - Suite 1475 Atlanta, GA 30326

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)
James D. Edwards

Business or Residence Address (Number and Street, City, State, Zip Code)
945 E. Paces Ferry Road - Suite 1475 Atlanta, GA 30326

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)
Walter S. Huff

Business or Residence Address (Number and Street, City, State, Zip Code)
945 E. Paces Ferry Road - Suite 1475 Atlanta, GA 30326

Check Box(es) that Apply: Promoter Beneficial Owner Executive Officer Director General and/or Managing Partner

Full Name (Last name first, if individual)
Charles E. Thoele

Business or Residence Address (Number and Street, City, State, Zip Code)
945 E. Paces Ferry Road - Suite 1475 Atlanta, GA 30326

B. INFORMATION ABOUT OFFERING

- Yes No
1. Has the issuer sold or does the issuer intend to sell, to non-accredited investors in this offering?

Answer also in Appendix, Column 2, if filing under ULOE.

2. What is the minimum investment that will be accepted from any individual? \$n/a

- Yes No
3. Does the offering permit joint ownership of a single unit?

4. Enter the information for each person who has been or will be paid or given directly or indirectly, any commission or similar remuneration for solicitation of purchasers in connection with sales of securities in the offering. If a person to be listed is an associated person or agent of a broker or dealer registered with the SEC and/or with a state or states, list the name of the broker or dealer. If more than five (5) persons to be listed are associated persons of such broker or dealer, you may set forth the information for that broker or dealer only. *

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Name of Associated Broker or Dealer

States in Which Person Listed Has Solicited or Intends to Solicit Purchasers

(Check "All States" or check individual States)..... All States

| | | | | | | | | | | | | |
|------|------|------|------|------|------|------|------|------|------|------|------|------|
| [AL] | [AK] | [AZ] | [AR] | [CA] | [CO] | [CT] | [DE] | [DC] | [FL] | [GA] | [HI] | [ID] |
| [IL] | [IN] | [IA] | [KS] | [KY] | [LA] | [ME] | [MD] | [MA] | [MI] | [MN] | [MS] | [MO] |
| [MT] | [NE] | [NV] | [NH] | [NJ] | [NM] | [NY] | [NC] | [ND] | [OH] | [OK] | [OR] | [PA] |
| [RI] | [SC] | [SD] | [TN] | [TX] | [UT] | [VT] | [VA] | [WA] | [WV] | [WI] | [WY] | [PR] |

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Name of Associated Broker or Dealer

States in Which Person Listed Has Solicited or Intends to Solicit Purchasers

(Check "All States" or check individual States)..... All States

| | | | | | | | | | | | | |
|------|------|------|------|------|------|------|------|------|------|------|------|------|
| [AL] | [AK] | [AZ] | [AR] | [CA] | [CO] | [CT] | [DE] | [DC] | [FL] | [GA] | [HI] | [ID] |
| [IL] | [IN] | [IA] | [KS] | [KY] | [LA] | [ME] | [MD] | [MA] | [MI] | [MN] | [MS] | [MO] |
| [MT] | [NE] | [NV] | [NH] | [NJ] | [NM] | [NY] | [NC] | [ND] | [OH] | [OK] | [OR] | [PA] |
| [RI] | [SC] | [SD] | [TN] | [TX] | [UT] | [VT] | [VA] | [WA] | [WV] | [WI] | [WY] | [PR] |

Full Name (Last name first, if individual)

Business or Residence Address (Number and Street, City, State, Zip Code)

Name of Associated Broker or Dealer

States in Which Person Listed Has Solicited or Intends to Solicit Purchasers

(Check "All States" or check individual States)..... All States

| | | | | | | | | | | | | |
|------|------|------|------|------|------|------|------|------|------|------|------|------|
| [AL] | [AK] | [AZ] | [AR] | [CA] | [CO] | [CT] | [DE] | [DC] | [FL] | [GA] | [HI] | [ID] |
| [IL] | [IN] | [IA] | [KS] | [KY] | [LA] | [ME] | [MD] | [MA] | [MI] | [MN] | [MS] | [MO] |
| [MT] | [NE] | [NV] | [NH] | [NJ] | [NM] | [NY] | [NC] | [ND] | [OH] | [OK] | [OR] | [PA] |
| [RI] | [SC] | [SD] | [TN] | [TX] | [UT] | [VT] | [VA] | [WA] | [WV] | [WI] | [WY] | [PR] |

(Use blank sheet, or copy and use additional copies of this sheet, as necessary)

C. OFFERING PRICE, NUMBER OF INVESTORS, EXPENSES AND USE OF PROCEEDS

1. Enter the aggregate price of securities included in this offering and the total amount already sold. Enter "0" if answer is "none" or "zero". If the transaction is an exchange offering check this box and indicate in the column below the amounts of securities offered for exchange and already exchanged.

| Type of Security | Aggregate Offering Price | Amount Already Sold |
|---|--------------------------|---------------------|
| Debt..... | \$ 0 | \$ 0 |
| Equity | \$220,000 | \$220,000 |
| <input checked="" type="checkbox"/> Common <input type="checkbox"/> Preferred | | |
| Convertible Securities | \$ 0 | \$ 0 |
| Partnership Interests..... | \$ 0 | \$ 0 |
| Other..... | \$ 0 | \$ 0 |
| Total | \$220,000 | \$220,000 |

Answer also in Appendix, Column 3, if filing under ULOE

2. Enter number of accredited and non-accredited investors who have purchased securities in this offering and the aggregate dollar amounts of their purchases. For offerings under Rule 504, indicate the number of persons who have purchased securities and the aggregate dollar amount of their purchases on the total lines. Enter "0" if answer is "none" or "zero."

| | Number Investors | Aggregate Dollar Amount of Purchases |
|--|------------------|--------------------------------------|
| Accredited Investors | 1 | \$220,000 |
| Non-accredited Investors | 0 | 0 |
| Total (for filings under Rule 504 only) | | |

Answer also in Appendix, Column 4, if filing under ULOE

3. If this filing is for an offering under Rule 504 or 505, enter the information requested for all securities sold by the issuer, to date, in offerings of the types indicated in the twelve (12) months prior to the first sale of securities in this offering. Classify securities by type listed in Part C-Question 1.

| Type of offering | Type of Security | Dollar Amount Sold |
|--------------------|------------------|--------------------|
| Rule 505 | \$ | \$ |
| Regulation A | \$ | \$ |
| Rule 504 | \$ | \$ |
| Total | \$ | \$ |

4. a. Furnish a statement of all expenses in connection with the issuance and distribution of the securities in this offering. Exclude amounts relating solely to organization expenses of the issuer. The information may be given as subject to future contingencies. If the amount of an expenditure is not known, furnish an estimate and check the box to the left of the estimate.

| | | |
|--|-------------------------------------|-----------|
| Transfer Agent's Fees..... | <input type="checkbox"/> | \$ |
| Printing and Engraving Costs | <input type="checkbox"/> | \$ 0 |
| Legal Fees (estimate) | <input checked="" type="checkbox"/> | \$ 10,000 |
| Accounting Fees..... | <input type="checkbox"/> | \$ 0 |
| Engineering Fees..... | <input type="checkbox"/> | \$ 0 |
| Sales Commissions (Specify finder's fees separately) | <input type="checkbox"/> | \$ 0 |
| Other Expenses (identify) blue sky filing fees | <input type="checkbox"/> | \$ |
| Total | <input checked="" type="checkbox"/> | \$ 10,000 |

C. OFFERING PRICE, NUMBER OF INVESTORS, EXPENSES AND USE OF PROCEEDS
(continued)

b. Enter the difference between the aggregate offering price given in response to Part C-Question 1 and total expenses furnished in response to Part C-Question 4.1. This difference is the "adjusted gross proceeds to the issuer."

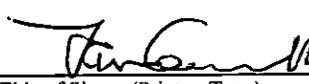
\$ 210,000

5. Indicate below the amount of the adjusted gross proceeds to the issuer used or proposed to be used for each of the purposes shown. If the amount for any purpose is not known, furnish an estimate and check the box to the left of the estimate. The total of the payments listed must equal adjusted gross proceeds to the issuer set forth in Part-C-Question 4.b. above.

| | | Payments to Officers, Directors, & Affiliates | Payments to Others |
|---|-------------------------------------|--|--|
| Salaries and fees..... | <input type="checkbox"/> | \$ 0 | <input type="checkbox"/> \$ 0 |
| Purchase of real estate..... | <input type="checkbox"/> | \$ 0 | <input type="checkbox"/> \$ 0 |
| Purchase, rental or leasing and installation of machinery and equipment..... | <input type="checkbox"/> | \$ 0 | <input type="checkbox"/> \$ 0 |
| Construction or leasing of plant buildings and facilities..... | <input type="checkbox"/> | \$ 0 | <input type="checkbox"/> \$ 0 |
| Acquisition of other businesses (including the value of securities involved in this offering that may be used in exchange for the assets or securities of another issuer Pursuant to a merger)..... | <input type="checkbox"/> | \$ 0 | <input type="checkbox"/> \$ 0 |
| Repayment of indebtedness..... | <input type="checkbox"/> | \$ 0 | <input type="checkbox"/> \$ 0 |
| Working capital | <input checked="" type="checkbox"/> | \$ 0 | <input type="checkbox"/> \$ 210,000 |
| Other (specify) _____ | <input type="checkbox"/> | \$ 0 | <input type="checkbox"/> \$ 0 |
| Column Totals | <input checked="" type="checkbox"/> | \$ 0 | <input type="checkbox"/> \$ 210,000 |
| Total Payments Listed (column totals added) | <input checked="" type="checkbox"/> | \$ 0 | <input type="checkbox"/> \$ 210,000 |

D. FEDERAL SIGNATURE

The issuer has duly caused this notice to be signed by the undersigned duly authorized person. If this notice is filed under Rule 505, the following signature constitutes an undertaking by the issuer to furnish to the U.S. Securities and Exchange Commission, upon written request of its staff, the information furnished by the issuer to any non-accredited investor pursuant to paragraph (b)(2) of Rule 502.

| | | |
|--------------------------------|---|------------------|
| Issuer (Print or Type) | Signature | Date |
| Transcend Services, Inc. |  | January 17, 2007 |
| Name of Signer (Print or Type) | Title of Signer (Print or Type) | |
| Lance Cornell | Chief Financial Officer | |

ATTENTION

Intentional misstatements or omissions of fact constitute federal criminal violations. (See 18 U.S.C. 1001.)

E. STATE SIGNATURE

1. Is any party described in 17 CFR 230.252(c), (d), (e) or (f) presently subject to any of the disqualification provisions of such rule? Yes No

See Appendix, Column 5, for state response.

2. The undersigned issuer hereby undertakes to furnish to any state administrator of any state in which this notice is filed, a notice on Form D (17 CFR 239.500) at such times as required by state law.
3. The undersigned issuer hereby undertakes to furnish to the state administrators, upon written request, information furnished by the issuer to offerees.
4. The undersigned issuer represents that the issuer is familiar with the conditions that must be satisfied to be entitled to the Uniform Limited Offering Exemption (ULOE) of the state in which this notice is filed and understands that the issuer claiming the availability of this exemption has the burden of establishing that these conditions have been satisfied.

The issuer has read this notification and knows the contents to be true and has duly caused this notice to be signed on its behalf by the undersigned duly authorized person.

| | | |
|---|--|---------------------------------|
| Issuer (Print or Type) Transcend Services, Inc. | Signature  | Date January 17, 2007 |
| Name of Signer (Print or Type) Lance Cornell | Title of Signer (Print or Type) Chief Financial Officer | |

APPENDIX

| 1 | 2 | | 3 | 4 | | | | 5 | |
|-------|---|----|--------------------------|--|--|-----------------------------------|--------|-----|--|
| | Intend to sell to Non-accredited Investors in State (Part B-Item 1) | | | Type of security and aggregate offering price offered in state (Part C-Item 1) | Type of investor and amount purchased in State (Part C-Item 2) | | | | Disqualification Under State ULOE (if yes, Attach Explanation of Waiver granted) (Part E-Item 1) |
| State | Yes | No | Series B Preferred Stock | Number of Accredited Investors | Amount | Number of Nonaccredited Investors | Amount | Yes | No |
| AL | | | | | | | | | |
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| GA | | | | | | | | | |
| HI | | | | | | | | | |
| ID | | | | | | | | | |
| IL | | X | \$210,000 | 1 | \$210,000 | 0 | 0 | | X |
| IN | | | | | | | | | |
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From: Origin ID: PDKA (404)233-7000
Scott Cross
Morris Manning & Martin
1600 Atlanta Financial Center
3343 Peachtree Road, N.E.
Atlanta, GA 30326



CL8812/07/2/23

Ship Date: 23JAN07
ActWgt: 1 LB
System#: 5904221/INET2600
Account#: S *****

Delivery Address Bar Code



Ref # 17878/55914
Invoice #
PO #
Dept #

SHIP TO: (404)504-7633

BILL SENDER

Securities Dept
Illinois Secretary of State
Jefferson Terrace Suite 300A
300 W. Jefferson St.
Springfield, IL 62702

PRIORITY OVERNIGHT

WED

Deliver By:
24JAN07

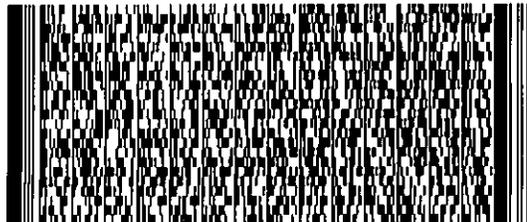
TRK# 7985 9120 4339

FORM
0201

STL AA

62702 -IL-US

NL SPIA



Shipping Label: Your shipment is complete

1. Use the 'Print' feature from your browser to send this page to your laser or inkjet printer.
2. Fold the printed page along the horizontal line.
3. Place label in shipping pouch and affix it to your shipment so that the barcode portion of the label can be read and scanned.

Warning: Use only the printed original label for shipping. Using a photocopy of this label for shipping purposes is fraudulent and could result in additional billing charges, along with the cancellation of your FedEx account number.

Use of this system constitutes your agreement to the service conditions in the current FedEx Service Guide, available on fedex.com. FedEx will not be responsible for any claim in excess of \$100 per package, whether the result of loss, damage, delay, non-delivery, misdelivery, or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim. Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental, consequential, or special is limited to the greater of \$100 or the authorized declared value. Recovery cannot exceed actual documented loss. Maximum for items of extraordinary value is \$500, e.g. jewelry, precious metals, negotiable instruments and other items listed in our Service Guide. Written claims must be filed within strict time limits, see current FedEx Service Guide.

17878/55914