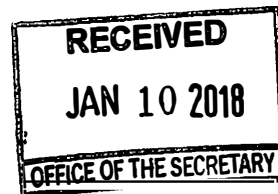


UNITED STATES OF AMERICA  
before the  
SECURITIES AND EXCHANGE COMMISSION  
ADMINISTRATIVE PROCEEDING

SECURITIES EXCHANGE ACT OF 1934  
Release No. 82404 / December 26, 2017

ADMINISTRATIVE PROCEEDING  
File No. 3-18325



In the Matter of  
Global Digital Solutions, Inc.,  
Respondent.

ANSWER TO ORDER INSTITUTING  
ADMINISTRATIVE PROCEEDINGS AND  
NOTICE OF HEARING PURSUANT TO  
SECTION 12(j) OF THE SECURITIES  
EXCHANGE ACT OF 1934

Global Digital Solutions, Inc. ("GDSI") by its attorneys, Brinen & Associates, LLC by Joshua D. Brinen answers the allegations contained in the Order Instituting Administrative Proceedings and Notice of Hearing Pursuant to Section 12(j) of the Securities Exchange Act of 1934 (the "Act"), as follows:

**RESPONDENT'S STATEMENT OF FACTS**

GDSI was originally incorporated in the State of New Jersey on or about August 28, 1995, as Creative Beauty Supply, Inc. ("Beauty"). On April 1, 1996, Beauty filed a Form S-1 with the Securities and Exchange Commission (the "Commission"). On June 15, 1999, Beauty filed a Form 10-SB12G Registration Statement with the Commission to voluntarily become a registrant under Section 12(g) of the Act. In March 2004, Creative acquired Global Digital Solutions, Inc., a Delaware corporation ("Global"). The merger was treated as a recapitalization of Global, and Creative changed its name to Global Digital Solutions, Inc. GDSI continued its reporting

obligations under the Securities Exchange Act of 1934 (the “34 Act”) until August 9, 2013 when GDSI filed a valid Form 15 terminating its reporting obligations. GDSI filed a Form S-1 Registration Statement with the Securities and Exchange Commission on September 2014. Said Registration Statement become effective October 2014. GDSI maintained its 34 Act Reporting obligations from November 2014 through November 2015.

GDSI engaged in acquisition negotiations with a Brazilian manufacturer of mobile command centers and fire-responder vehicles, Rontan. Negotiations started in mid-December 2014. The Rontan Acquisition was signed on or about October 21<sup>st</sup>, 2015. GDSI and Rontan entered into a contract, and GDSI arranged sufficient financing to complete the acquisition and maintain the ’34 Act obligations. Rontan defaulted on the contract in April 2016. Due to Rontan’s bad acts, the financing fell through. Rontan’s actions are currently the subject of litigation in the Florida courts.

On or about May 13, 2016, William Delgado (“Delgado”) became a board member and sole officer of GDSI. Delgado requested the resignations of all of the officers and directors of GDSI based on events that had come to light over the previous twelve (12) months. Delgado assumed the roles of CEO and CFO along with board responsibility.

An SEC inquiry was initiated around three press releases issued by the prior Chief Executive Officer and Chairman of the Board, Richard Sullivan. The first release announced the acquisition of Airtronic, a maker of RPG’s. The second release announced the purchase of Remington firearms. The third release was a forecast of projected revenue and earnings. These press releases

were initiated and pushed through by the prior officers, Richard Sullivan and David Loppert, and the prior board under the control of Richard Sullivan.

The company as of that date had not filed its required 10K for year ending 2015 and the 10Q for quarter ending March 31<sup>st</sup>, 2016. The company also had accumulated liabilities in excess of \$1,200,000. In addition, there was an ongoing legal claim against the company regarding the acquisition of NACSV for damages in the approximate amount of \$300,000.

Delgado immediately began a review of the company's operations and finances. Delgado also began investigating a potential breach of contract claim to the benefit of the company during this time. The company engaged additional legal counsel around this time as it had received a Wells notice regarding actions of its previous officers and certain directors.

During this time, the company was also served with two class action lawsuits regarding the SEC enforcement actions. The company has been maintaining its financial and accounting records internally during this time. The company has not had the funds to pay the auditors and consultants to complete the delinquent K's and Q's. Since that time and with an additional investment of approximately \$150,000, GDSI:

- Settled the \$300,000 NACSV-Deckle lawsuit.
- Settled approximately \$250,000 in liabilities, pending monthly payments.
- Secured \$1,200,000 in funding.
- Obtained the dismissal of the Hull class action.
- Ensured that internal company financials are materially complete.

- Retained an auditor, Turner Stone, & Co., which is being paid out of funding.

GDSI's main business is the construction of mobile command centers. GDSI is currently negotiating to construct one unit for an existing customer and is evaluating requests for proposals to bid on several more contracts.

On December 27, 2017, the Division of Enforcement filed the Order Instituting Administrative Proceeding against the Company. While the actions by the Enforcement Division are designed to be remedial, they may in fact be having a punitive effect on the GDSI's stockholders by further depriving the shareholders of an opportunity to bring GDS back into compliance after the mismanagement and bad acts under Sullivan's management.

#### WITH RESPECT TO SECTION I

1. Respondent GDSI admits, upon information and belief, that the commission's public official files disclose the matters set forth in paragraph 1, and refers to said files for their contents.

#### WITH RESPECT TO SECTION II

2. Respondent GDSI admits that Respondent is a New Jersey corporation; admits that Respondent GDSI's common stock is registered under Section 12(g) of the Exchange Act; and denies that GDSI's principal place of business is West Palm Beach, Florida. As of May 2016, GDSI's principal place of business is Sacramento, California. Respondent GDSI alleges that it

does not have and cannot obtain information sufficient to admit or deny any other allegations contained in such paragraph, and on that basis, denies such allegations.

3. With respect to paragraph 2 of Section II, Respondent GDSI admits, upon information and belief, that the Commission's Section 13(a) of the Exchange Act rules disclose the matter set forth in paragraph 2 and refers to said files for their contents.

4. With respect to paragraph 3 of Section II, Respondent GDSI admits the allegations contain in such paragraph.

5. With respect to paragraph 4 of Section II, Respondent GDSI does not have and cannot obtain information sufficient to admit or deny the allegations contained in paragraph 4.

#### WITH RESPECT TO SECTION III

6. With respect to Section III, Respondent GDSI does not have and cannot obtain information sufficient to admit or deny the statements contained in said paragraph, however, denies that a public administrative proceeding instituted pursuant to Section 12(j) of the Exchange Act is appropriate for the protection of investors.

#### WITH RESPECT TO SECTION IV

7. With respect to Section IV, Respondent GDSI admits upon information and belief that the Commission's public official files disclose the matters set forth in said Section, and refers to said files for their content, and the Orders stated therein.

This Respondent, GDSI denies each and every allegation of the Division of Enforcement not herein admitted, qualified, or denied.

#### FIRST AFFIRMATIVE DEFENSE

Respondent GDSI alleges and believes that the Commission lacks authority to conduct the proceedings herein.

#### SECOND AFFIRMATIVE DEFENSE

The allegations of the Office of the Division of Enforcement fail to state a claim upon which the Commission can render sanctions as requested in Section III B of the Order Instituting Administrative Proceeding.

#### THIRD AFFIRMATIVE DEFENSE

Allegations of the Office of the Division of Enforcement are barred by laches.

#### FOURTH AFFIRMATIVE DEFENSE

In light of the allegations contained in Section II of the Division of Enforcement, the allegations that the Commission deems it necessary and appropriate for the protection of investors, that a public administrative proceeding be instituted against Respondent GDSI to suspend it for a period not exceeding twelve months, or revoke the registration of each class of GDSI' securities is inconsistent with Section 13(a) of the Exchange Act and Rules 13a-1 and 13a-13 thereunder.

#### FIFTH AFFIRMATIVE DEFENSE

In light of the Statement of Facts as enunciated by Respondent, Respondent deems the sanctions as proposed by the Division of Enforcement to be punitive remedies against indispensable parties who have not had an opportunity for appearance herein, and on that basis, it would be unconstitutional for the Commission to take any disciplinary action based thereon.

#### SIXTH AFFIRMATIVE DEFENSE

In light of the Statement of Facts as enunciated by Respondent, Respondent deems the sanctions as proposed by the Division of Enforcement to be punitive in nature against the Respondent GDSI for the following reasons:

1. Respondent's actions were isolated and not recurrent;
2. As soon as funding had been received, the Respondent immediately commenced setting into motion the preparation of financial statements, and the scheduling of meetings with

the Company's auditors, and counsel for the Company in anticipation of the preparation of the periodic reports.

3. Respondent lacked the scienter required for willful misconduct

4. Respondent has demonstrated the sincerity of Respondent's intentions to avoid future violations by terminating the prior bad actors, nominating a board member for purposes of conducting an internal investigation of the Respondent's corporate matters, setting up procedural internal controls, and setting into motion the coordination of bringing current the outstanding periodic reports. As a result, significant dollars have been spent by Respondent to assure its corporate compliance with the reporting requirements of the Act.

5. Respondent has established significant reporting controls to provide assurances that Respondent will not either mistakenly, or intentionally violate the reporting requirements, once such reports are brought up to date and current.

6. Respondent's financial position is such that Respondent is able to incur the costs associated with its reporting obligation.

7. Respondent has retained professionals specializing in federal securities and public company reporting requirements and is sincere in its desire to continue with its reporting requirements under the Act.

#### SEVENTH AFFIRMATIVE DEFENSE

The relief sought in Section III and IV is vague and ambiguous.



#### EIGHTH AFFIRMATIVE DEFENSE

In light of the allegations brought by the Division of Enforcement, the allegations that the Commission deems it necessary and appropriate for the protection of investors that a public administrative proceeding be instituted against Respondent GDSI, Inc. to suspend it for a period not exceeding twelve months, or revoke the registration of each class of GDSI' securities is inconsistent with the allegations contained in such paragraphs. The purpose of the sanction imposed is intended to be remedial in nature, not to punish the Respondent or its stockholders, but to protect the public, to achieve voluntary compliance with the law and to deter the respondent from future violations.

#### NINTH AFFIRMATIVE DEFENSE

As an affirmative defense to the proposed sanctions. Respondent asserts that (i) Respondent has no prior record of non-compliance with SEC regulations; (ii) Respondent has taken corrective action by contacting the Commission itself prior to the issuance of an Order Instituting Administrative Proceeding; (iii) Respondent has demonstrated to the Commission a willingness to take corrective action; (iv) Respondent has cooperated with the commission; (v) Respondent's alleged violations are not fraudulent in nature; (vi) Respondent did not have intent to fail to comply with Section 13(a) of the Exchange Act and Rules 13a-1 and 13a-13 thereunder; and (vii) Respondent's management made every effort to take the steps necessary to operating a public company.

#### TENTH AFFIRMATIVE DEFENSE

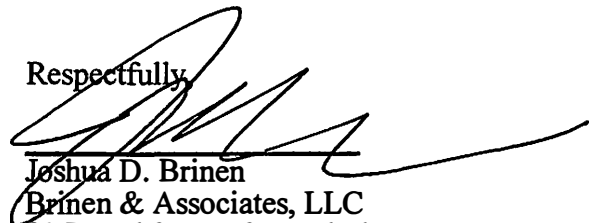
Respondent hereby adopts and incorporates by this reference any and all other affirmative defenses it may eventually assert in this proceeding.

WHEREFORE, having fully answered, Respondent, GDSI Inc. prays:

1. That the relief described in Section III B of the Order Instituting Administrative Proceeding be denied and the proceedings herein be dismissed; and
2. That Respondent GDSI be given all and such other relief as the Commissioner may deem just and proper.

DATED: New York, New York  
January 8, 2018

Respectfully,



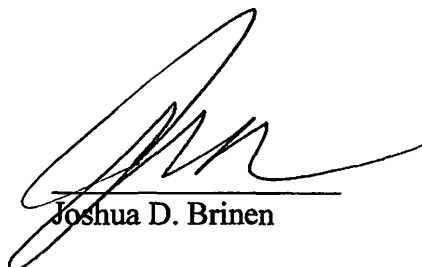
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Attorneys for Respondent

CERTIFICATE OF SERVICE

I hereby certify that an original and three copies of the foregoing were filed with the Securities and Exchange Commission, Office of the Secretary, 100 F Street, N.E., Washington, D.C. 20549-9303, and that a true and correct copy of the foregoing has been served by overnight mail and email as indicated below, on this 8<sup>th</sup> day of January 2018, on the following persons entitled to notice:

The Honorable Jason S. Patil  
Administrative Law Judge  
Securities and Exchange Commission  
100 F. Street, N.E.  
Washington, D.C. 20549-2557  
Email: ALJ@sec.gov

Russell Kooin  
Senior Trial Counsel  
U.S. Securities and Exchange Commission  
801 Brickell Avenue, Suite 1800  
Miami, Florida 33131  
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Joshua D. Brinen



# Brinen & Associates, LLC

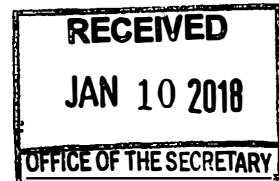
Joshua D. Brinen  
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Member New York, New Jersey, Florida, California, Texas & Nevada Bar  
LL.M. in Taxation

January 8, 2018

## VIA ELECTRONIC & OVERNIGHT MAIL

Honorable Jason S. Patil  
Administrative Law Judge  
U.S. Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549-2557



E-mail: ALJ@sec.gov

Re: In the Matter of Global Digital Solutions, Inc.  
Securities Exchange Act of 1934  
Release No. 82404/December 26, 2017  
Administrative Proceeding File No. 3-18325  
Our File No.: GDSI.11

Dear Judge Patil:

Enclosed herein, for service upon you, please find Respondent's Answer to the Order Instituting Administrative Proceedings and Notice of Hearing Pursuant to Section 12(j) of the Securities Exchange Act of 1934, dated January 8, 2018, in the above-referenced matter.

Respectfully submitted,

Joshua D. Brinen

Enclosure

cc: Client

JDB:mst

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