

**IN THE UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION**

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<b>SECURITIES AND EXCHANGE COMMISSION:</b>	:	
	:	<b>COMPLAINT</b>
Plaintiff,	:	
vs.	:	Civil Action No.
	:	
<b>CASH LINK SYSTEMS INC.</b>	:	
and <b>ALAN LEVINE,</b>	:	
	:	
Defendants,	:	
	:	
<b>ALVIN-L CONSULTING, INC.,</b>	:	
<b>VC PARTNERS, INC.,</b> and	:	
<b>KIMBERLY M. FERREIRAS,</b>	:	
	:	
Relief Defendants.	:	

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Plaintiff Securities and Exchange Commission alleges as follows:

**SUMMARY**

1. Since at least September 2003 to the present, Cash Link Systems Inc., with the knowledge and at the direction of its president, Alan Levine, has engaged in an unregistered and fraudulent securities offering involving “cashless” automated teller machines (“ATMs”). Cash Link and Levine have raised at least \$10 million from more than 680 investors, and in furtherance of the fraudulent scheme, have made several false and misleading statements of material fact, and omitted to disclose other material facts to investors.

2. Using a national promotional campaign, Cash Link offers a purported “turnkey” ATM program in which investors are told they can expect a “conservative” return of \$2,100 per month, or 18%, on a minimum \$11,685 investment. In addition to

providing the ATMs, Cash Link agrees to place the machines in “high traffic” business locations, service the machines after placement, and collect and distribute the transaction fees, which are supposedly shared with investors.

3. Cash Link’s representations are false. Cash Link has failed to deliver ATMs to some investors, has consistently failed to place investor-owned ATMs in “high traffic” locations as represented, and has failed to distribute returns to investors. Most significantly, Cash Link’s claim that investors can expect a conservative return of \$2,100 a month on the minimum investment has no basis in fact.

4. In addition, Cashlink and Levine have failed to disclose to investors that they are the subjects of a December 22, 2003 cease and desist order issued by the South Dakota Division of Securities, a February 9, 2004 cease and desist order issued by the Texas State Securities Board, and a criminal investigation by the U.S. Postal Inspection Service, which recently seized the company’s records pursuant to a search warrant.

5. The Commission, in the interest of protecting the public from further fraudulent activities, brings this action seeking an order permanently enjoining the defendants from further violations of Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933 [15 U.S.C. §§ 77e(a), 77e(c) and 77q(a)] (“Securities Act”), Section 10(b) of the Securities Exchange Act of 1934 [15 U.S.C. § 78j(b)] (“Exchange Act”), and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5]. The Commission also seeks an order requiring the defendants to disgorge all ill-gotten gains, plus prejudgment interest thereon, and to pay civil monetary penalties. Further, the Commission seeks an order of disgorgement, plus prejudgment interest, against relief defendants Alvin-L Consulting, Inc., VC Partners,

Inc. and Kimberly M. Ferreiras, who have received funds from Cash Link for no apparent consideration.

### **JURISDICTION AND VENUE**

6. This Court has jurisdiction over this action pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Section 27 of the Exchange Act [15 U.S.C. § 78aa]. Defendants have, directly and indirectly, made use of the means or instrumentalities of interstate commerce and/or the mails in connection with the transactions described in this Complaint.

7. Venue lies in this Court pursuant to Section 22(a) of the Securities Act [15 U.S.C. § 77v(a)] and Section 27 of the Exchange Act [15 U.S.C. § 78aa], because certain of the acts and transactions described herein took place in the Northern District of Texas.

### **DEFENDANTS AND RELIEF DEFEDANTS**

8. Cash Link is a Florida corporation that was formed on July 25, 2003. The company, which is currently located in Hollywood, Florida, maintained its principle offices in Miami during most of the relevant period.

9. Alan Levine, age 70, is a South Florida resident and the president of Cash Link. Levine manages the day-to-day operations of Cash Link, approves and signs agreements between Cash Link and investors, approves and signs checks issued from Cash Link's operating account and receives commissions from sales of the ATM program.

10. Alvin-L Consulting, Inc. is a Florida corporation located in Miami. Alvin-L Consulting received checks exceeding \$500,000 between Janaury and May 2004 from Cash Link for no apparent consideration.

11. VC Partners, Inc. is a Florida corporation located in Hallandale, Florida. VC Partners received checks exceeding \$700,000 between January and May 2004 from Cash Link for no apparent consideration.

12. Kimberly M. Ferreiras is the president of VC Partners. She endorsed checks issued to VC Partners described above.

### **THE FRAUDULENT SCHEME**

#### **A. The ATM Program**

13. Cash Link markets its ATM program as a “business opportunity.” Cash Link claims that the ATM program includes the sale of cashless ATMs to investors, the placement of ATMs in “high traffic” business locations (such as brand name fast food restaurants, convenience stores, movie theaters and nightclubs), and the collection and distribution of transaction fees to investors.

14. For a minimum investment of \$11,685, investors receive three cashless ATMs (\$3,895 per machine), and Cash Link’s “conservative” estimate of return is \$2,100 per month for three machines. Cash Link also offers a discount for the purchase of more than three ATMs.

15. Cash Link uses an aggressive marketing campaign to solicit leads through national television and newspaper advertisements, spam e-mail and other Internet postings. Cash Link encourages potential investors to contact the company through a toll free number for additional information.

16. Incoming calls from potential investors are routed to a representative of Cash Link’s in-house sales force, referred to as the “fronter,” who collects information from potential investors and sends them a corporate brochure, price schedule, and

occasionally, a corporate video describing Cash Link's ATM program.

17. Cash Link's corporate brochure represents the following:
  - (a) "McDonald's reported that customers using our machine spent up to 50 percent more than if they came in and paid with cash on hand."
  - (b) "Taco Bell reported up to 30 percent increase in average ticket size when customers use our machine. They also said ATM scrip gives them competitive advantage."
  - (c) "Burger King told us hundreds of customers use our ATM Scrip machine each month increasing revenue and enabling them to stop accepting personal checks."
  - (d) "The Bagel Junction said in one month they recorded \$2,500 in ATM Scrip transactions sales they might have passed up before. They tell us their lines move faster as well, thanks to our machines."

18. The corporate video claims that Cash Link (a) had spent years planning the ATM program; (b) would locate ATM machines in high traffic locations such as McDonald's and Taco Bell; and (c) provides "everything" to investors, including hardware, finding locations and bookkeeping services. The video promotes financial security and freedom, and represents the program as "turnkey," or one that would require no significant effort or involvement from investors.

19. Further, Cash Link promotes its ATM program on its Internet website ([www.cashlinksystems.com](http://www.cashlinksystems.com)), and through several other websites. These websites represent that Cash Link's ATM program is a "turnkey business," which provides immediate income for investors; that Cash Link places investor-owned machines in high traffic locations such as Wendy's, McDonald's, Burger King and Taco Bell; that the typical ATM averages over 4000 transactions per month; and that investors make at least \$1 per transaction from each machine.

20. The sales process is typically initiated when an investor calls Cash Link to place an order for ATMs or when a Cash Link representative contacts a potential investor based on the data collected by the “fronter.” The investor is then routed to a “closer,” who assures the investor that the machines will be placed in high traffic locations, and typically, that the business locations will yield 300 to 500 transactions per month. The closer also explains that with respect to each transaction, Cash Link will distribute transaction fees in the following manner: \$1.10 to the investor, \$.50 to the merchant, and \$.40 to Cash Link.

21. The closer then prepares a Purchase Order identifying the investors name and address, number of ATMs purchased and total purchase price, and sends the Purchase Order to the investor by Federal Express or facsimile for signature. The investors are instructed to confirm the order and sign and return the document to the company with the appropriate funds.

22. Levine routinely approves and signs the Purchase Orders on behalf of Cash Link. Thereafter, Cash Link orders the ATMs from a supplier and has them shipped directly to the investor.

**B. False and Misleading Statements and Omissions of Material Facts**

23. Since at least September 2003, Cash Link has sold at least 3,000 cashless ATMs and received at least \$10 million of investor funds. Cash Link, however, has failed to deliver ATMs to investors, locate qualified merchants on behalf of investors, and distribute transaction fees to investors as represented.

24. In connection with the offer and sale of ATMs and the services described above, Cash Link, through its representatives and with Levine’s knowledge and approval,

made false and misleading statements of material facts, and under the circumstances, omitted to state material facts that were necessary for investors to have a full understanding of Cash Link's flawed operations and its ATM program.

25. Cash Link has failed to deliver ATMs to investors as represented. For example, in March 2004, an investor from Mercer Island, Washington, purchased 75 ATMs from Cash Link for approximately \$180,000. To date, Cash Link has not delivered any of the promised machines.

26. In June 2004, an investor from Columbus, Ohio, purchased 10 ATMs from Cash Link for approximately \$29,300. To date, Cash Link has delivered only one of the promised units.

27. Cash Link has failed to locate merchants on behalf of investors as represented. For example, on or about January 21, 2004, an investor from Dallas, Texas, purchased six ATMs from Cash Link for at least \$15,000. To date, Cash Link has failed to place any of the investor's ATMs with a merchant.

28. On or about February 2, 2004, an investor from Walls Township, New Jersey, purchased 39 ATMs from Cash Link for approximately \$100,000. To date, Cash Link has placed only 9 of the investor's ATMs.

29. On or about February 5, 2004, an investor from Colony, Oklahoma, purchased seven ATMs from Cash Link for \$24,150. To date, Cash Link has placed only three of the investor's ATMs.

30. On or about February 10, 2004, an investor from Tulsa, Oklahoma, purchased nine ATMs from Cash Link for \$29,655. To date, Cash Link has placed only two of the investor's ATMs.

31. On or about March 5, 2004, an investor from Upton, Wyoming, purchased 27 ATMs from Cash Link for \$71,250. To date, Cash Link has placed only 14 of the investor's ATMs.

32. On or about April 10, 2004, an investor from Palm Springs, California, purchased 12 ATMs from Cash Link for \$29,000. To date, Cash Link has placed only two of the investor's ATMs.

33. With respect to each of the investors identified above, Cash Link has failed to pay them the transaction fees generated by the investor-owned ATM as represented.

34. Cash Link has no basis in fact to represent to investors that they could expect a minimum return of \$2,100 per month for three machines, and has failed to locate merchants that operate the type of high traffic businesses assured by Cash Link.

35. Cash Link has no basis in fact for the statements included in their corporate brochure, which suggest that Cash Link has a business relationship with McDonald's, Burger King, Taco Bell and The Bagel Junction.

36. Cash Link failed to disclose to investors that the company and Levine were the subject of a cease and desist order issued by the South Dakota Division of Securities on December 22, 2003, a cease and desist order issued by the Texas State Securities Board on February 9, 2004, an agreed order issued by the Texas State Securities Board on May 27, 2004, and a criminal investigation.

37. Cash Link failed to inform investors of the risks associated with the placement and operations of cashless ATMs.

38. In addition to the investors specifically identified above, for the

approximate period September 2003 through May 2004, Cash Link failed to deliver ATMs as represented, failed to locate qualified merchants as represented, and/or failed to pay transaction fees to the investors identified at Attachment A. The Commission has redacted the last names of the investors on Attachment A in order to protect their privacy interests.

39. Levine was aware that representatives of Cash Link were making false and misleading statements of fact and omitting to disclose other material facts in connection with the offer and sale of the ATM program. Levine approved Purchase Orders between Cash Link and the investors, and diverted investor funds to others, including the relief defendants, for no apparent consideration.

**FIRST CLAIM**  
**Violations of Section 17(a) of the Securities Act**

40. Plaintiff Commission repeats and incorporates paragraphs 1 through 39 of this Complaint by reference as if set forth *verbatim*.

41. Cash Link and Levine, directly or indirectly, singly or in concert with others, in connection with the offer or sale of securities, by use of the means and instrumentalities of interstate commerce and by use of the mails have: (a) employed devices, schemes and artifices to defraud; (b) made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engaged in acts, practices and courses of business which operate as a fraud and deceit upon purchasers, prospective purchasers and other persons.

42. As a part of and in furtherance of their scheme, Cash Link and Levine, directly and indirectly, prepared, disseminated or used contracts, written offering

documents, promotional materials, investor and other correspondence, and oral presentations, which contained untrue statements of material facts and misrepresentations of material facts, and which omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, including, but not limited to, those set forth in Paragraphs 1 through 39 above.

43. With respect to violations of Sections 17(a)(2) and (3) of the Securities Act, Cash Link and Levine were negligent in their actions regarding the representations and omissions alleged herein. With respect to violations of Section 17(a)(1) of the Securities Act, Cash Link and Levine made the above-referenced misrepresentations and omissions knowingly or with severe recklessness regarding the truth.

44. By reason of the foregoing, Cash Link and Levine have violated and, unless enjoined, will continue to violate Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

**SECOND CLAIM**  
**Violations of Section 10(b) of the Exchange Act and Rule 10b-5**

45. Plaintiff Commission repeats and incorporates paragraphs 1 through 39 of this Complaint by reference as if set forth *verbatim*.

46. Cash Link and Levine, directly or indirectly, singly or in concert with others, in connection with the purchase or sale of securities, by use of the means and instrumentalities of interstate commerce and by use of the mails have: (a) employed devices, schemes and artifices to defraud; (b) made untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and (c) engaged

in acts, practices and courses of business which operate as a fraud and deceit upon purchasers, prospective purchasers and other persons.

47. As a part of and in furtherance of their scheme, Cash Link and Levine, directly and indirectly, prepared, disseminated or used contracts, written offering documents, promotional materials, investor and other correspondence, and oral presentations, which contained untrue statements of material facts and misrepresentations of material facts, and which omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, including, but not limited to, those set forth in Paragraphs 1 through 39 above.

48. Cash Link and Levine made the above-referenced misrepresentations and omissions knowingly or with severe recklessness regarding the truth.

49. By reason of the foregoing, Cash Link and Levine have violated and, unless enjoined, will continue to violate Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

**THIRD CLAIM**  
**Violations of Section 5(a) and 5(c) of the Securities Act**

50. Plaintiff Commission repeats and incorporates paragraphs 1 through 39 of this Complaint by reference as if set forth *verbatim*.

42. Defendants Cash Link and Levine, directly or indirectly, singly and in concert with others, have been offering to sell, selling and delivering after sale, certain securities, and have been, directly and indirectly: (a) making use of the means and instruments of transportation and communication in interstate commerce and of the mails to sell securities, through the use of written contracts, offering documents and otherwise;

(b) carrying and causing to be carried through the mails and in interstate commerce by the means and instruments of transportation, such securities for the purpose of sale and for delivery after sale; and (c) making use of the means or instruments of transportation and communication in interstate commerce and of the mails to offer to sell such securities.

51. As described in paragraphs 1 through 39, the Cash Link ATM program was offered and sold to the public through a general solicitation of investors. No registration statements were ever filed with the Commission or otherwise in effect with respect to these securities.

52. By reason of the foregoing, Cash Link and Levine have violated and, unless enjoined, will continue to violate Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

**FOURTH CLAIM**  
**Claim Against the Relief Defendants**  
**As Custodians of Investor Funds**

53. Plaintiff Commission repeats and realleges paragraphs 1 through 39 of this Complaint and incorporated herein by reference as if set forth verbatim.

54. As set forth in paragraphs 1 through 39, relief defendants have received funds and property from one or more of the defendants, which are the proceeds, or are traceable to the proceeds, of the unlawful activities of defendants.

55. Relief defendants have obtained the funds and property alleged above under circumstances in which it is not just, equitable or conscionable for them to retain the funds and property. As a consequence, relief defendants have been unjustly enriched.

## **RELIEF REQUESTED**

Plaintiff respectfully requests that this Court:

### **I.**

Permanently enjoin defendants from violating Sections 5(a), 5(c), and 17(a) of the Securities Act and Section 10(b) of the Exchange Act, and Exchange Act Rule 10b-5, thereunder.

### **II.**

Order the defendants to disgorge an amount equal to the funds and benefits they obtained illegally as a result of the violations alleged herein, plus prejudgment interest on that amount, and order the relief defendants to disgorge an amount equal to the investor funds they received unjustly from the Defendants, plus prejudgment interest on that amount.

### **III.**

Order civil penalties against the defendants pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)], and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)], for their securities law violations.

**IV.**

Order such further relief as this Court may deem just and proper.

Dated: \_\_\_\_\_

Respectfully submitted,

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