

**IN THE CIRCUIT COURT OF PULASKI COUNTY, ARKANSAS  
CIVIL DIVISION**

**A. HEATH ABSHURE,  
ARKANSAS SECURITIES COMMISSIONER**

**PLAINTIFF**

**vs.**

**No.**

**INTERACTIVE DIGITAL SYSTEMS, LLC;  
RMI GROUP, LLC; DENNIS F. ROBINSON;  
AND JAN RICHEY ROBINSON**

**DEFENDANTS**

---

**COMPLAINT**

---

COMES NOW the Plaintiff, A. Heath Abshure, Arkansas Securities Commissioner, by and through counsel, J. Campbell McLaurin III, and for his Complaint states the following:

**PARTIES**

1. A. Heath Abshure (“Commissioner”) is the Arkansas Securities Commissioner, duly appointed in accordance with Ark. Code Ann. § 23-42-201(a). The Commissioner is charged with the administration of the Arkansas Securities Act (“Act”), codified at Ark. Code Ann. §§ 23-42-101 through 23-42-509.

2. Interactive Digital Systems, LLC (“IDS”) is a limited liability company organized and existing under the laws of the state of Arkansas. At all relevant times herein, IDS had a principal place of business located at 1401 Southeast Walton Boulevard #201, Bentonville, Arkansas 72712. Dennis F. Robinson and Jan Richey Robinson maintain ownership and control of IDS through a majority ownership of the available membership shares in the company.

3. RMI Group, LLC (“RMI”) is a limited liability company organized and existing under the laws of the state of Arkansas. At all relevant times herein, RMI had a principal place

of business located at 1401 Southeast Walton Boulevard #201, Bentonville, Arkansas 72712. Dennis F. Robinson and Jan Richey Robinson maintain ownership and control of RMI through a majority ownership of the available membership shares in the company.

4. Dennis F. Robinson (“D. Robinson”) is an individual currently residing in the State of Florida. D. Robinson is a member/manager of IDS and RMI. At all relevant times herein, D. Robinson was a resident citizen of Bentonville, Arkansas. D. Robinson is the spouse of Jan Richey Robinson.

5. Jan Richey Robinson (“J. Robinson”) is an individual currently residing in the State of Florida. J. Robinson is a member/manager of IDS and RMI. At all relevant times herein, J. Robinson was a resident citizen of Bentonville, Arkansas. J. Robinson is the spouse of D. Robinson.

#### **JURISDICTION AND VENUE**

6. The Commissioner brings this action pursuant to Ark. Code Ann. § 23-42-209, which permits the Commissioner to seek injunctive relief and relief ancillary to injunctive relief as may be appropriate in the public interest, including but not limited to obtaining an accounting, receivership, disgorgement, and the assessment of a fine. The Commissioner is therefore the proper party to bring this action.

7. This Court is the proper venue for this action pursuant to Ark. Code Ann. § 23-42-209(a)(3), which specifically names the Pulaski County Circuit Court as the appropriate forum under the statute.

8. The Defendants, in connection with their activities in the offer and sale of unregistered securities in and from Arkansas while being unregistered to do so and by means of

securities fraud, are subject to the provisions of the Act. The Defendants are therefore subject to the jurisdiction of this Court and to service of summons within or outside the state of Arkansas.

### **FACTUAL ALLEGATIONS**

9. According to a company Membership Agreement, IDS is in the business of developing software and manufacturing hardware for kiosks to be sold to consumers and businesses for use in a variety of applications. The IDS website (<http://www.idskiosk.com>) contains the following statement regarding the nature of the company's business: "IDS helps businesses succeed in the new era of digital economy. With a combination of consulting, creativity, design, and engineering expertise, IDS enables businesses to gain and sustain market leadership by implementing complete multi-media marketing business solutions."

10. RMI is a company incorporated by J. Robinson which at all relevant times herein conducted business under the trade name of Richey Marketing Innovations Group. RMI shares a business address with IDS, and J. Robinson and D. Robinson frequently used RMI bank accounts to hold and expend monies intended for use by IDS.

11. As early as 2007, J. Robinson and D. Robinson began soliciting investors in IDS through the use of business circulars, prospectuses, websites, and face-to-face meetings. J. Robinson and D. Robinson represented to investors that IDS was in need of capital to market its technologies to national corporations and expand the manufacturing section of the company.

12. From 2007 to 2009, J. Robinson and D. Robinson solicited a minimum of \$181,000.00 from at least four investors in Arkansas through the offer and sale of membership interests in IDS. J. Robinson and D. Robinson caused IDS to issue Membership Certificates to investors representing a percentage ownership interest in the company based on the amount of the investment.

13. To solicit investment in IDS, J. Robinson and D. Robinson pitched a business plan to investors which, upon information and belief, the company had no ability or means to set into action. The IDS website contains information regarding the proposed business plan and details six primary areas of operation for the company, as follows:

A. IDS Software: Developing point-of-sale marketing and advertising solutions to be placed in corporations, hotels, retail stores, grocery stores, and food venues;

B. Emergency Family Alert System: Kiosks and digital signage to be placed in zoos, parks, arenas, and other venues displaying photos and information for missing children and adults;

C. IDS Manufacturing: Developing kiosks and offering digital signage to large companies and small businesses;

D. Smart Card: Identification cards created with secured accessibility and an encrypted chipset embedded with an individual's DNA and other biometric identifiers;

E. IDS Database: Developing powerful database collection applications to perform behavioral marketing analysis for corporate marketing;

F. Net-on-the-Go Solution: Offering a turnkey package which takes internet connectivity on the road for vacation and business travelers.

14. J. Robinson and D. Robinson promised investors potentially large returns on their principal investment in a relatively short amount of time, ranging from several months to a year. Additionally, investors were promised dividends from the company on a continuing and regular basis. An investment prospectus issued by IDS projected that kiosk-generated revenues derived from the main business operations of the company were expected to exceed over \$4 million in twelve months. Further, the prospectus states that a five-year projection shows net profit

increases of 100% for each year thereafter. The prospectus does not cite any source supporting these speculative projections.

15. In marketing the membership interests, J. Robinson and D. Robinson made numerous statements to investors which, upon information were false and misleading, including, but not being limited to, the following:

A. The Defendants possessed patents for software designed to support kiosks intended for placement in zoos, concert venues, sports venues, convention centers, theme parks, grocery stores, pharmacies, hospitals, medical clinics, hotels, resorts, and timeshares;

B. The Defendants were in talks with and on the verge of negotiating contracts with large national and multi-national companies such as Kroger, Walgreen's, NASCAR, Tyson Foods, Sam's Club, Costco, AARP, Wal-Mart, Dick's Sporting Goods, and CVS Drug Stores to place kiosks in retail stores across the country;

C. The Defendants were in talks with executives at PepsiCo and The Coca-Cola Company to enter into contracts whereby IDS would receive revenues from advertisements displayed on company kiosks installed at various sporting and concert venues across the country;

D. The Defendants had developed flash demos of kiosk software and hardware that had been used in The Mayo Clinic, Sobey's Grocery Stores, Century 21 Realty Offices, and various hospitals throughout the country;

E. The Defendants owned a local manufacturing plant and were in the process of launching a new line of kiosks for design and manufacture in Rogers, Arkansas.

16. In addition to making numerous false and misleading statements, J. Robinson and D. Robinson failed to disclose to investors certain pertinent and material financial information related to the investments being offered, including, but not being limited to, the following;

A. The personal residence of J. Robinson and D. Robinson had been foreclosed on by Community First Bank as the result of a civil action filed in the Circuit Court of Benton County, Arkansas in 2007;

B. A previous investor in IDS had obtained a monetary judgment in the amount of \$50,000.00 against IDS on November 19, 2008, in the Circuit Court of Benton County, Arkansas, based on allegations of fraud levied against J. Robinson for false and misleading representations made to induce investment in IDS;

C. J. Robinson and D. Robinson had filed for Chapter 13 Bankruptcy in the United States Bankruptcy Court for the Western District of Arkansas on August 11, 2009, which was prior to accepting at least \$131,000.00 of investor money in IDS.

17. As of the filing of this Complaint, none of the investors have received a return on their principal investment. While J. Robinson and D. Robinson represented that investor funds would be used for business purposes, the vast majority of the funds were converted for their personal use. J. Robinson and D. Robinson used investor money to pay for meals, entertainment, clothing, and vacations, as well as to purchase various items and services at spas, salons, liquor stores, and cigar shops. J. Robinson and D. Robinson additionally used investor money to pay for personal moving expenses and tender a housing deposit on a rental home in Florida.

18. Several investors have contacted J. Robinson and D. Robinson to receive information regarding the ongoing business of IDS and inquire as to whether they should expect a return on their initial investment at any point in the future. In response, J. Robinson and D. Robinson have made additional “lulling statements” to investors which upon information and belief were false and misleading and designed to cover up fraudulent statements made to induce investment in IDS. These statements have included, but have not been limited to, the following:

A. A CEO with an extensive information technology background who had previously written programs for NASA was joining IDS to make additional perfections to kiosk software necessary to sell the technology to interested companies;

B. A former president from a durable medical equipment company with connections to all the large pharmaceutical companies was joining IDS to help market the kiosk technology to interested companies;

C. A deal between IDS and Dick's Sporting Goods for the purchase of kiosk software and hardware had been in place but subsequently fell through after people associated with Kroger attempted to steal IDS's technology and sabotage the deal;

D. Wal-Mart had been conducting successful beta testing on IDS kiosk software and a deal was in place for Wal-Mart to buy IDS kiosks in the near future;

E. IDS had accepted a proposed buy-out offer from a billion dollar company interested in purchasing and marketing IDS's technology and details of the buyout were being worked out by the purchasing company's lawyers.

19. The membership interests offered and sold by IDS, J. Robinson, and D. Robinson were not registered as securities pursuant to the Act. Regarding these investments, the Department has found no record of a filing evidencing a proof of exemption in accordance with the Act and no notice filing pursuant to federal in connection with a covered security.

### **FIRST CAUSE OF ACTION**

#### **VIOLATION OF ARK. CODE ANN. § 23-42-501 OFFERING AND/OR SELLING UNREGISTERED SECURITIES**

20. The Commissioner realleges and incorporates all the factual allegations set out above in paragraphs nine through nineteen.

21. Ark. Code Ann. § 23-42-501 provides that it is unlawful for any person to transfer or sell any security unless it is registered, exempt, or a covered security.

22. The investments in IDS discussed herein were securities as defined under Ark. Code Ann. § 23-42-102(15)(A).

23. The securities offered and sold by the Defendants, directly or indirectly, personally or through agents, have neither been registered under the Act, nor effectively qualify for any exemption from registration available under the Act or any federal statute or rule.

24. By reason of the foregoing, the Defendants have violated, are violating, and unless enjoined, will continue to violate Ark. Code Ann. § 23-42-501.

### **SECOND CAUSE OF ACTION**

#### **VIOLATIONS OF ARK. CODE ANN. § 23-42-507(2)**

#### **UNTRUE STATEMENTS OF MATERIAL FACTS AND OMISSIONS OF MATERIAL FACTS IN CONNECTION WITH THE OFFER, SALE, OR PURCHASE OF SECURITIES**

25. The Commissioner realleges and incorporates by reference each and every allegation contained in the preceding cause of action.

26. The Defendants, in connection with the offer, sale, or purchase of securities, have made untrue statements of material fact to investors, including, but not being limited to, the following:

A. The Defendants possessed patents for software designed to support kiosks intended for placement in zoos, concert venues, sports venues, convention centers, theme parks, grocery stores, pharmacies, hospitals, medical clinics, hotels, resorts, and timeshares;

B. The Defendants were in talks with and on the verge of negotiating contracts with large national and multi-national companies such as Kroger, Walgreen's, NASCAR, Tyson Foods, Sam's Club, Costco, AARP, Wal-Mart, Dick's Sporting Goods, and CVS Drug Stores to place kiosks in retail stores across the country;



C. The Defendants were in talks with executives at PepsiCo and The Coca-Cola Company to enter into contracts whereby IDS would receive revenues from advertisements placed in company kiosks implemented at various sporting and concert venues across the country;

D. The Defendants had developed flash demos of kiosk software and hardware that had been used in The Mayo Clinic, Sobey's Grocery Stores, Century 21 Realty Offices, and various hospitals throughout the country;

E. The Defendants owned a local manufacturing plant and were in the process of launching a new line of kiosks for design and manufacture in Rogers, Arkansas;

F. The Defendants represented to investors that investor funds would be used to capitalize IDS in effort to improve the company's ability to sell kiosk software and hardware when, in fact, the vast majority of investor funds were converted to the personal use of J. Robinson and D. Robinson.

27. The Defendants, in connection with the offer, sale, or purchase of securities, have omitted to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading, including, but not being limited to, the following:

A. The personal residence of J. Robinson and D. Robinson had been foreclosed on by Community First Bank as the result of a civil action filed in the Circuit Court of Benton County, Arkansas in 2007;

B. A previous investor in IDS had obtained a monetary judgment in the amount of \$50,000.00 against IDS on November 19, 2008, in the Circuit Court of Benton

County, Arkansas, based on allegations of fraud levied against J. Robinson for false and misleading representations made to induce the investor into investing in IDS;

C. J. Robinson and D. Robinson had filed for Chapter 13 Bankruptcy in the United States Bankruptcy Court for the Western District of Arkansas on August 11, 2009, which was prior to accepting at least \$131,000.00 of investor money in IDS.

28. By reason of the foregoing, the Defendants, directly or indirectly, have violated, are violating, and unless enjoined, will continue to violate Ark. Code Ann. § 23-42-507(2).

### **THIRD CAUSE OF ACTION**

#### **VIOLATIONS OF ARK. CODE ANN. § 23-42-507(3) ENGAGING IN ANY ACT, PRACTICE, OR COURSE OF BUSINESS WHICH OPERATES OR WOULD OPERATE AS A FRAUD OR DECEIT UPON ANY PERSON**

29. The Commissioner realleges and incorporates by reference each and every allegation contained in the preceding cause of action.

30. The Defendants, in connection with the offer, sale, or purchase of securities, have engaged and are engaging in an act, practice, or course of business that has operated and continues to operate as a fraud or deceit upon investors of IDS by converting investor funds for the unauthorized personal use of J. Robinson and D. Robinson, a purpose not aligned with the reasons for which the subject securities were advertised, marketed, and sold to investors.

31. By reason of the foregoing, the Defendants, directly or indirectly, have violated, are violating, and unless enjoined, will continue to violate Ark. Code Ann. § 23-42-507(3).

### **CLAIM FOR RELIEF**

32. Pursuant to Ark. Code Ann. § 23-42-209(a)(3), the Commissioner may apply to this Court for injunctive relief to permanently enjoin any act or practice found to be in violation of the Act and to enforce compliance with the Act, regardless of whether a cease and desist order has been issued.

33. Pursuant to Ark. Code Ann. § 23-42-209(b), the Commissioner may apply to this Court for relief ancillary to injunctive relief as may be appropriate in the public interest, including, but not being limited to, an accounting, disgorgement of profits, restitution to investors, and the assessment of a fine in an amount of not more than the total amount of money received in connection with violations of the Act.

34. The facts set forth in paragraphs nine through nineteen demonstrate that, unless restrained and enjoined, the Defendants will continue to illegally offer and sell unregistered securities by means of securities fraud. Additionally, the facts show that an award of ancillary relief in this case is appropriate and in the public interest.

#### **RELIEF REQUESTED**

WHEREFORE, the Commissioner respectfully requests this Court to award the following relief:

A. Order the Defendants to immediately cease and desist from offering or selling any security in the Arkansas unless and until the security is properly registered or is offered or sold pursuant to an exemption from registration under the Act;

B. Order the Defendants to immediately cease and desist from engaging in any fraudulent activity in connection with the offer or sale of any security in Arkansas;

C. Order the Defendants to disgorge all ill-gotten gains and make restitution to investors for all monies received as a result of selling unregistered securities by means of securities fraud;

D. Order the Defendants to pay a civil penalty in an amount equal to the total amount of money received in connection with violations of the Act; and

E. Any and all such other and further relief to which the Commissioner may be entitled as the Court deems just and appropriate under the facts and circumstances.

Respectfully Submitted,

A. Heath Abshire  
Arkansas Securities Commissioner

By: /s/ J. CAMPBELL MCLAURIN III.  
J. Campbell McLaurin III (No. 08-280)  
Arkansas Securities Department  
201 East Markham Street, Suite 300  
Little Rock, Arkansas 72201  
Telephone: (501) 324-8670  
Facsimile: (501) 324-9268  
[cmclaurin@securities.arkansas.gov](mailto:cmclaurin@securities.arkansas.gov)