

STATE OF ARKANSAS  
SECURITIES DEPARTMENT

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IN THE MATTER OF

ORDER PROVIDING A  
TRANSACTIONAL EXEMPTION  
FROM REGISTRATION  
NO. 00-032-S

ELECTRONIC CHECK SYSTEMS, INC.

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FINDINGS OF FACT

1. On May 3, 2000, a letter was received by the Arkansas Securities Commissioner requesting that the proposed capitalization of Electronic Check Systems, Inc. (the "Corporation") whereby seven (7) unaccredited and five (5) accredited persons (the "Shareholders") would receive under subscription, option and services agreements up to two million five hundred forty-seven thousand (2,547,000) shares of common stock of the Corporation (the Stock) for consideration consisting of a total of three hundred twenty-five thousand five hundred dollars (\$325,500) of cash, an assignment of certain patents and other intellectual property with an agreed value of nine hundred thirty-three thousand dollars (\$933,000), and services of total value of one hundred eighty thousand dollars (\$180,000) (the "Transaction") be determined an exempt transaction pursuant to Ark. Code Ann. § 23-42-504(a)(12).

2. The Corporation is a corporation organized under the laws of the State of Nevada. The Stock represents the initial capitalization of the Corporation.

3. An exemption from registration has been requested pursuant to the Commissioner's discretionary authority under Ark. Code Ann. § 23-42-504(a)(12). The Shareholders have been provided information regarding and have had access to financial

and other information concerning the Corporation as is necessary to make an informed investment decision.

4. Based upon the foregoing, the Transaction is not the type the Arkansas Securities Act (the "Act") is designed to protect by requiring registration.

#### CONCLUSIONS OF LAW

1. Under Arkansas Code Annotated §23-42-504(a)(12) of the Act, the Commissioner may by order exempt certain transactions from §§ 23-42-501 and 23-42-502 of the Act as not being necessary or appropriate in the public interest for the protection of investors.

2. It is not necessary or appropriate in the public interest for the protection of investors for the Corporation to be required to register the Transaction under the Act for the purposes of the contemplated offering.

3. It is not necessary or appropriate in the public interest for the protection of investors for the Corporation to be required to engage the services of a registered agent for the purpose of making sales of the Corporation's securities.

#### OPINION

In recognition of the representations made by the Corporation, it appears registration of this offering of shares of common stock is unnecessary in this instance.

This order does not exempt the Corporation from the antifraud provisions of the Act.

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ORDER

IT IS THEREFORE ORDERED that any securities of Electronic Check Systems, Inc. offered or sold in Arkansas for the proposed Transaction, if offered and sold in compliance with the representations made in the letter of May 3, 2000, and in accordance with the Findings of Fact stated herein, shall be exempted from §§ 23-42-501 and 23-42-502 of the Act.

WITNESS MY HAND AND SEAL this 9th day of May 2000.



MAC DODSON  
SECURITIES COMMISSIONER