Government of the District of Columbia
Department of Insurance and Securities Regulation

Lawrence H. Mirel
Commissioner

IN THE MATTER OF:	)	ADMINISTRATIVE CONSENT ORDER
INTELLIGENCE DATA SYSTEMS, INC., RESPONDENT.	)	Order No. SB-03-03

CONSENT AGREEMENT AND SETTLEMENT ORDER

The Commissioner of the District of Columbia Department of Insurance and Securities Regulation ("Department"), having the power to administer and provide for enforcement of the Securities Act of 2000 ("Act"), D.C. Official Code § 31-5601.01 et. seq., upon due consideration of the subject matter hereof, has determined as follows:

Statement of Facts

1. Intelligence Data Systems, Inc. ("Respondent") is a closely held Virginia corporation with employees located in the District of Columbia.

2. On July 2, 2003, Respondent submitted a filing with the Department's Securities Bureau concerning the issuance of stock options under an employee stock option plan ("the Plan")offered by the Respondent.

3. The filing submitted by the Respondent requested that the offering be exempted from registration under D.C. Official Code § 31-5604.01(10)(A). That exemption may be available in the District of Columbia where a security is offered in connection with a written compensatory benefit plan including a stock option or similar employee benefit plan.

4. In order to be eligible for the exemption found in § 31-5604.01(10)(A), issuers must provide notice to the Department at least 20 days prior to the offering date,

pursuant to D.C. Mun. Reg. § 1943.5. The requirements found in D.C. Mun. Reg. § 1943 have been in effect since June 1, 2001.

5. On January 10, 2003, pursuant to an employee stock option plan, Respondent granted stock options to two employees located in the District of Columbia. Specifically, Respondent issued 100 shares to a District resident on January 10, 2003, and 1,000 shares to a District resident on February 28, 2003.

6. The options issued were offered, and subsequently granted, to residents of the District of Columbia by Respondent as part of an offering that was neither registered with the Department of Insurance and Securities Regulation nor properly exempted from registration.

7. The Securities Bureau informed the Respondent that it had thereby failed to comply with D.C. Official Code § 31-5604.01(10)(A) and D.C. Mun. Reg. § 1943.1.

8. By letter dated July 28, 2003, Respondent informed the Securities Bureau that Respondent did not understand the newly encated DC requirements to file a notice at least twenty days prior to the offering of options to employees pursuant to its stock option plan. Respondent also informed the Securities Bureau that it had taken affirmative steps to immediately file for the required notice and inquire about the correct method to comply with the District's security laws with respect to the two previous grants.

9. In view of the circumstances, the Securities Bureau determined that a fine in the amount of two hundred and fifty dollars ($250) is appropriate.

10. Respondent is desirous of settling this matter and agrees to voluntarily waive all right to a hearing upon entry of this Order and has consented to the entry of this Order.

CONCLUSIONS OF LAW

1. Respondent failed to provide notification to the Department of Insurance and Securities Regulation in connection with its issuance of stock option plans that were offered in the District of Columbia.

2. The failure of Respondent to notify the Department of the stock options granted to District of Columbia residents at least 20 days prior to the first offering is a violation of D.C. Mun. Reg. § 1943.5.

ORDER

WHEREAS, Respondent neither admits nor denies the findings of the Commissioner, but states that the information and assertions presented to the Commissioner regarding this matter are true and correct; that Respondent understands the Commissioner relied upon such information and assertions in its determination to accept this Order and that should information or assertions prove to be incorrect or misrepresented, the Commissioner may seek such other administrative, civil or criminal remedies that may be available to it under the provisions of the Act; and

WHEREAS, the Department, based on information submitted by the Respondent is satisfied that the violations were not willful and that the corrective action is now being taken;

WHEREAS, the Commissioner finds this Order necessary and appropriate in the public interest for the protection of the investors and consistent with the purposes fairly intended by the policy and provisions of the Act; and

WHEREAS, Respondent wishes to resolve alleged violations by entering into a Consent Agreement with the Department of Insurance and Securities Regulation, subject to the approval of the Commissioner, as follows:

A. The Respondent waives its right to further notice and hearing in this matter.

B. The Respondent shall pay an administrative fine in the amount of Two hundred and fifty dollars ($250) made payable to the D.C. Treasurer.

C. The Department of Insurance and Securities Regulation hereby accepts the administrative fine and agrees not to pursue other administrative remedies available under its administrative authority relating to matters alleged in this agreement.

ACCORDINGLY, IT IS HEREBY ORDERED:

1. That Respondent shall ensure that proper procedures are enacted to preclude any future non-compliance with the Act.

2. That the Commissioner will agree to accept an administrative penalty for Respondent's failure to provide twenty days notice to the Department of the two stock options granted to residents in the District of Columbia, and will take no other enforcement action with respect to those offers made prior to notification.

3. That in accordance with the D.C. Official Code § 31-5604.01(10)(A), Respondent shall pay an administrative penalty in the amount of two hundred and fifty dollars ($250) made payable to the D.C. Treasurer.

4. The Commissioner finds this Order necessary and appropriate and in the public interest for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of the Act.

Agreed and Consented to:

Dated: **District of Columbia**

December 4, 2003

DEPARTMENT OF INSURANCE AND SECURITIES REGULATION

BY: Theodore A. Miles

Theodore A. Miles,
Director, Securities Bureau

RESPONDENT

BY: Mike Conway

SO ORDERED:

Dated this 4th **day of December, 2003.**

APPROVED and so ORDERED:
In Witness Whereof, I have hereunto set my hand and affixed the official seal. Of this Department in the District of Columbia, this 4th **day of December, 2003.**

Lawrence H. Mirel

Lawrence H. Mirel,
Commissioner