

STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

TO: COLLATERAL EQUITIES CORPORATION
Jeffrey L. Pipher, President and Director
Artemus Edgar Ward, Manager

4713 Shadwell Place
San Diego, CA 92130

528 Abrego Street, #152
Monterey, CA 93940

2114 West Grant Road, #161
Tucson, CA 85745

169 Saxony Road, Ste. 105
Encinitas, CA 92024

DESIST AND REFRAIN ORDER

The California Corporations Commissioner finds that:

1. At all relevant times: Jeffrey L. Pipher, President and Director; Artemus Edgar Ward, Manager; were, and continue to be principals, officers, directors and/or employees of COLLATERAL EQUITIES CORPORATION (“CEC”).
2. CEC is a Nevada Corporation, doing business in California. CEC purports to do business from the following offices located at, respectively:
 - a. COLLATERAL EQUITIES CORPORATION
4713 Shadwell Place
San Diego, CA 92130
 - b. COLLATERAL EQUITIES CORPORATION
528 Abrego Street, #152
Monterey, CA 93940
 - c. COLLATERAL EQUITIES CORPORATION
160 Saxony Road, Ste. 105
Encinitas, CA 92024
 - d. COLLATERAL EQUITIES CORPORATION
2114 West Grant Road, #161
Tucson, AZ 85745
3. Beginning in or about August 1, 1999, CEC; Jeffrey L. Pipher; and Artemus Edgar Ward were each directly or indirectly involved with soliciting investment opportunities in the form of 18-month promissory notes through unsolicited (“cold-call”) telephone calls and newspaper advertisements to California residents.
4. CEC, Jeffrey L. Pipher and Artemus E. Ward claimed that the money raised from the sale of the 18-month promissory notes would be purportedly used to finance the purchase of used-automobile dealerships. CEC, Pipher and Ward also told investors that the promissory notes would be collateralized by the used-automobile dealership’s inventory.

5. The 18-month promissory notes offered and sold by CEC, Pipher and Ward are securities under California law. These securities were offered and sold in California in issuer transactions. The Department of Corporations has not issued a permit or other form of qualification authorizing any person to offer and sell these securities in this State.

8. The offer and sale of 18-month promissory notes by CEC, Pipher and Ward to California residents, having been offered and sold through unsolicited telephone "cold calls" and newspaper advertisements are not subject to any exemption from qualification. The sale of such securities are subject to qualification under said law and such securities are being or have been offered for sale without first being so qualified.

Based upon the foregoing findings, the California Corporations Commissioner is of the opinion that the 18 month promissory notes offered and sold by Collateral Equities Corporation; Jeffrey L. Pipher; and Artemus Edgar Ward are securities subject to qualification under the California Corporate Securities Law of 1968 and are being or have been offered or sold without being qualified, in violation of Section 25110 of the Corporate Securities Law of 1968.

Pursuant to Section 25532 of the Corporate Securities Law of 1968, Collateral Equities Corporation; Jeffrey L. Pipher; and Artemus Edgar Ward are hereby ordered to desist and refrain from the further offer or sale in the State of California of securities, in the form of 18-month promissory notes, unless and until qualification has been made under said law or unless exempt. This Order is necessary, in the public interest, for the protection of investors and consistent with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

Dated: June 26, 2002
Los Angeles, California

DEMETRIOS A. BOUTRIS
California Corporations Commissioner

By _____
ALAN S. WEINGER
Supervising Counsel
Enforcement and Legal Services Division