

1 WAYNE STRUMPFER  
 Acting California Corporations Commissioner  
 2 ALAN S. WEINGER (CA BAR NO. 86717)  
 Acting Deputy Commissioner  
 3 URSULA L. CLEMONS (CA BAR NO. 162302)  
 Corporations Counsel  
 4 Department of Corporations  
 320 West 4<sup>th</sup> Street, Suite 750  
 5 Los Angeles, CA 90013  
 Telephone: (213) 576-7586 Fax: (213)576-7181  
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7 BEFORE THE DEPARTMENT OF CORPORATIONS  
 8 OF THE STATE OF CALIFORNIA  
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10	In the Matter of THE COMMISSIONER OF	) FILE NO. ALPHA
11	CORPORATIONS OF THE STATE OF	) OAH NO. L-2005090423
12	CALIFORNIA,	)
13	Complainant,	) STIPULATION TO ENTRY OF DESIST AND
14	vs.	) REFRAIN ORDER
15	SHAWN F. LYONS,	)
16	Respondent.	)
17		)

18 STIPULATION AND AGREEMENT

19 In resolution of an inquiry into the alleged offer and sale of unqualified securities within the  
 20 State of California, and without admitting or denying such activities, IT IS HEREBY STIPULATED  
 21 AND AGREED between SHAWN F. LYONS ("Respondent") and the Acting Commissioner of  
 22 Corporations of the State of California ("Commissioner"), as follows:

23 1. The Commissioner alleges that Respondent offered securities in violation of  
 24 Corporations Code section 25110 and effected transactions in securities as a broker-dealer and  
 25 conducted business as an investment adviser without having first applied for and secured a certificate  
 26 from the Commissioner, in violation of Corporations Code sections 25210 and 25230;

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1           2.     On March 16, 2005, the Commissioner issued a Desist and Refrain Order (Order)  
2 pursuant to California Corporations Code section 25532. A true and correct copy of the Order is  
3 attached hereto as Exhibit A;

4           3.     Respondent, without admitting or denying such charges seeks to resolve the concerns  
5 of the Commissioner by entering into this Stipulation regarding the issuance of the Order;

6           4.     Respondent represents that he has ceased selling securities in violation of the law.  
7 Respondent agrees pursuant to California Corporations Code section 25110, not to offer and/or sell  
8 securities in the State of California in an issuer transaction without qualification, unless such security  
9 is exempted or not subject to qualification under Chapter 1 (commencing with Section 25100);

10          5.     Respondent represents the he has ceased conducting business as broker-dealer and/or  
11 investment adviser without having been issued a certificate by the Department of Corporations.  
12 Respondent agrees pursuant to California Corporations Code sections 25210 and 25230, not  
13 to act as broker-dealer and/or investment adviser in the State of California, unless he has been issued  
14 a certificate by the Commissioner;

15          6.     Respondent agrees to comply with California Corporations Code section 25401 by  
16 not offering and/or selling any security in this state by means of any written or oral communication  
17 which includes an untrue statement of a material fact or omits to state a material fact necessary in  
18 order to make the statements made, in the light of the circumstances under which they were made,  
19 not misleading;

20          7.     Respondent hereby acknowledges that the Commissioner is ready, willing and able to  
21 grant a hearing in relation to the above-mentioned Order. It is understood that the Respondent has a  
22 right to a hearing;

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8. Respondent hereby voluntarily waives his right to a hearing or appeal in relation to the Desist and Refrain Order issued against him on March 16, 2005 for violations of Corporations Code section 25110, for violations of Corporations Code section 25210 and 25230, and for violations of Corporations Code section 25401.

Dated: 11/28/05  
WAYNE STRUMPFER  
Acting California Corporations Commissioner

By: \_\_\_\_\_  
ALAN S. WEINGER  
Acting Deputy Commissioner

Dated: 11-21-05

By: \_\_\_\_\_  
SHAWN F. LYONS

EXHIBIT A

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

TO: Shawn Francis Lyons  
1450 Kaupakalua Road  
Haiku, Hawaii 96708  
  
185 Mahia Place, #A  
Makawao, Hawaii 96768-7213  
  
1450A Kaupakalua Road  
Haiku, Hawaii 96708-5544

**DESIST AND REFRAIN ORDER**  
**(For violations of sections 25110, 25210, 25230 and 25401 of the Corporations Code)**

The California Corporations Commissioner finds that:

1. Beginning in July 2000, Shawn Francis Lyons, (hereinafter, "Lyons") offered or sold securities in the State of California in the form of membership interests (units) in Broad Street Investment Management, LLC, and in the form of debentures and shares of common stock in AEI Environmental, Inc.
2. Between December 2001 and 2004, Lyons advised investors to invest in Broad Street Investment Management, LLC. He induced the purchase or sale of Broad Street Investment Management, LLC units, totaling a minimum of \$484,000, to at least eight California investors.
3. Between July 2000 and March 2001, Lyons advised investors to invest in AEI Environmental, Inc. (AEI). He induced the purchase or sale of AEI debentures and shares of common stock totaling \$200,000 or more to three California investors.

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- 1 4. The Department of Corporations has not issued a permit or other form of qualification  
2 authorizing any person to offer and sell these securities in this state.
- 3 5. Lyons did not have a valid broker-dealer certificate or investment adviser certificate  
4 issued by the Department of Corporations at any time.
- 5 6. Beginning in or about 2000, Lyons provided investment advice to at least eleven  
6 individuals in the state of California.
- 7 7. Lyons received compensation in the form of commissions for the investment advisory  
8 services he provided to investors.
- 9 8. In connection with these offers and sales, Lyons misrepresented to investors that:  
10 a. Lyons was an "investment representative";  
11 b. The investor(s) was qualified or accredited to invest in the particular investment;  
12 c. A 9%-10% rate of return would be paid to the investor for investments in the  
13 membership interests (units), debentures or shares of common stock; and  
14 d. Money would be returned to the investor within 3-8 weeks for investments in AEI.
- 15 9. In connection with these offers and sales, Lyons omitted to inform investors that:  
16 a. He was receiving 10% commission for his referrals to Broad Street Investment  
17 Management, LLC, and 2.5% commission for referrals to AEI and  
18 b. He was never issued a broker-dealer or investment adviser license or certificate.
- 19 10. In connection with these offers and sales, Lyons misrepresented to Broad Street  
20 Investment Management, LLC, that he was a licensed securities salesman operating as an  
21 independent contractor with a small California based NASD firm.

22 Based upon the foregoing findings, the California Corporations Commissioner is of the  
23 opinion that the purchase of membership interests (units), debentures and shares of common stock are  
24 securities subject to qualification under the California Corporate Securities Law of 1968 and are  
25 being or have been offered or sold without being qualified in violation of Corporations Code section  
26 25110. Pursuant to section 25532 of the Corporate Securities Law of 1968, Lyons is hereby ordered  
27 to desist and refrain from the further offer or sale in the State of California of securities, unless and  
28 until qualification has been made under the law.

1           In addition, based upon the foregoing, the California Corporations Commissioner is of the  
2 opinion that Lyons has effected transactions in securities as a broker-dealer without having first  
3 applied for and secured from the Commissioner a certificate authorizing him to act in that capacity, in  
4 violation of section 25210 of the Corporate Securities Law of 1968. Pursuant to section 25532 of the  
5 Corporate Securities Law of 1968, Lyons is hereby ordered to desist and refrain from effecting any  
6 transaction in, or inducing or attempting to induce the purchase or sale of, any security in this state,  
7 unless and until he has applied for and secured from the Commissioner a certificate, then in effect,  
8 authorizing him to act in that capacity.

9           Also, based upon the foregoing findings, the California Corporations Commissioner is of the  
10 opinion that Lyons has conducted business as an investment adviser in this state without first  
11 applying for and securing from the commissioner a certificate authorizing him to do so, in violation  
12 of section 25230 of the Corporate Securities Law of 1968. Pursuant to section 25532 of the  
13 Corporate Securities Law of 1968, Lyons is hereby ordered to desist and refrain from acting as an  
14 investment adviser in the State of California unless and until he has first applied for and secured from  
15 the Commissioner a certificate, then in effect, authorizing him to act as an investment adviser.

16           Further, the California Corporations Commissioner is of the opinion that the securities were  
17 offered or sold in this state by means of written or oral communications which included an untrue  
18 statement of a material fact or omitted to state a material fact necessary in order to make the  
19 statements made, in the light of the circumstances under which they were made, not misleading, in  
20 violation of section 25401 of the Corporate Securities Law of 1968. Pursuant to section 25532 of the  
21 Corporate Securities Law of 1968, Lyons is hereby ordered to desist and refrain from offering or  
22 selling or buying or offering to buy any security in the State of California by means of any written or  
23 oral communication which includes an untrue statement of a material fact or omits to state a material  
24 fact necessary in order to make the statements made, in the light of the circumstances under which  
25 they were made, not misleading.

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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: March 16, 2005

Los Angeles, California



WILLIAM P. WOOD  
California Corporations Commissioner

By:

\_\_\_\_\_  
ALAN WEINGER  
Supervising Counsel  
Enforcement Division