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

TO: James Pratt, dba
Executive Financial Services and
Executive Financial Services (EFS), LLC
3939 Beltline Road, Suite 190
Addison, Texas 75001

James Pratt
3112 Stonehenge Lane
Carrollton, Texas 75006-5214

Faye Pratt, dba
Executive Financial Services and
Executive Financial Services (EFS), LLC
3939 Beltline Road, Suite 190
Addison, Texas 75001

Faye Pratt
3112 Stonehenge Lane
Carrollton, Texas 75006-5214

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

The California Corporations Commissioner finds that:

1. James Pratt is a resident of Texas and a licensed insurance agent in that state, license number 731776. He does business under the name Executive Financial Services from an office located at 3939 Beltline Road, Suite 190 in Addison, Texas.

1 2. Faye Pratt is a resident of Texas doing business under the name Executive Financial
2 Services from an office located at 3939 Beltline Road, Suite 190 in Addison, Texas.

3
4 3. Executive Financial Services was formerly a Texas corporation formed August 11, 1986.
5 Its corporate existence was forfeited on September 26, 2003.

6
7 4. James Pratt and Faye Pratt are presently offering investments to residents of California in
8 the form of a so-called "Executive Loan Program" offered under the name Executive Financial
9 Services (EFS), LLC. Prospective investors are told that the investment involves making loans to
10 Executive Financial Services (EFS), LLC in exchange for a promissory note which promises a return
11 of "not less than 10% per annum." Prospective investors are also provided three one-page
12 illustrations projecting anticipated returns of 10% per month, compounded monthly, for an annual
13 return of close to 300%, from hypothetical initial investments of \$1,000, \$5,000 or \$10,000.
14 Prospective investors are told that the promissory note states the rate as "not less than 10% per
15 annum" because usury laws limit what can be paid, but that in fact the three illustrations provided to
16 prospective investors reflect the actual anticipated payouts. The investment term is represented to be
17 a minimum of one year, with one-year extensions available at the option of the investor.

18
19 5. Investors are told that their investment funds will be pooled with funds of other investors
20 so that they can be invested in large trading programs that require minimum investments of ten or one
21 hundred million dollars. The written materials provided to prospective investors state: "Executive
22 Financial Services, LLC has working investment programs in place for which we need additional
23 funds."

24
25 6. Investors are assured that "Principal is guaranteed by Promissory Note and Attorney
26 Escrow account." The materials state that attorney Alex Bickley of Dallas handles the Escrow
27 Account.
28

1 7. The “Executive Loan Program” is advertised by word-of-mouth. Each investor is required
2 to be referred by an existing investor. Investors who refer new members to the program receive a
3 one-time payment of 5% of the amount invested by the new investor.

4
5 8. Written materials provided to prospective investors state that participants must be
6 accredited investors. When questioned about that requirement, however, James Pratt informed a
7 prospective California investor that the accredited investor information was just language that their
8 attorneys felt should be included, and that the requirement does not really apply to the program
9 because it is a “lending program” rather than an investment.

10
11 9. There is no limited liability company either formed in Texas or California or qualified to
12 do business in Texas or California under the name Executive Financial Services.

13
14 Based upon the foregoing findings, the California Corporations Commissioner is of the
15 opinion that loan investments offered by and promissory notes issued by Executive Financial Services
16 (EFS), LLC pursuant to the Executive Loan Program are securities in the form of investment
17 contracts which are subject to qualification under the California Corporate Securities Law of 1968
18 which have been and are being offered without being qualified, in violation of section 25110 of the
19 California Corporations Code. Pursuant to section 25532 of the Corporate Securities Law of 1968,
20 James Pratt and Faye Pratt, individually and doing business as Executive Financial Services and
21 Executive Financial Services (EFS), LLC, are hereby ordered to desist and refrain from the further
22 offer or sale in the State of California of securities in the form of investment contracts and promissory
23 notes unless and until qualification has been made pursuant to the Corporate Securities Law of 1968
24 or unless exempt.

25
26 The California Corporations Commissioner is of the further opinion that James Pratt and Faye
27 Pratt, individually and doing business as Executive Financial Services and Executive Financial
28 Services (EFS), LLC, have offered and are currently offering securities in the form of investment

1 contracts and promissory notes by means of misrepresentations of material fact and by means of
2 communications which have omitted and omit material facts necessary in order to make the
3 statements made, in the light of the circumstances under which they were made, not misleading, in
4 violation of section 25401 of the Corporate Securities Law of 1968. James Pratt and Faye Pratt,
5 individually and doing business as Executive Financial Services, Inc. and Executive Financial
6 Services (EFS), LLC, are offering investment contracts and promissory notes to residents of
7 California which purportedly involve loans to Executive Financial Services (EFS), LLC in Texas
8 when in fact no such company is formed or authorized to do business in either Texas or California.
9

10 Pursuant to section 25532 of the Corporate Securities Law of 1968, James Pratt and Faye
11 Pratt, individually and doing business as Executive Financial Services (EFS), Inc. and Executive
12 Financial Services, LLC, are hereby ordered to desist and refrain from offering or selling or buying or
13 offering to buy any security in the State of California, including but not limited to investment
14 contracts and proissory notes involving loans to Executive Financial Services (EFS), LLC, by means
15 of any written or oral communication which includes an untrue statement of a material fact or omits
16 to state a material fact necessary in order to make the statements made, in the light of the
17 circumstances under which they were made, not misleading.
18

19 This Order is necessary, in the public interest, for the protection of investors and consistent
20 with the purposes, policies, and provisions of the Corporate Securities Law of 1968.
21

22 Dated: July 6, 2005
23 Los Angeles, California

24 WAYNE STRUMPFER
25 Acting California Corporations Commissioner

26 By _____
27 ALAN S. WEINGER
28 Acting Deputy Commissioner