

- 1 a. Stone told investors that the Income Fund was doing well;
- 2 b. Stone told investors that individuals had invested at least twenty million
- 3 dollars in the Income Fund;
- 4 c. Stone told investors that there were about twenty investors in the
- 5 Income Fund;
- 6 d. Stone told investors that he was an experienced and licensed broker and/or was
- 7 a registered Pacific Stock Exchange Specialist;
- 8 e. Stone told investors that the Income Fund would pay dividends in the amount
- 9 of four to eight percent per month, or up to ninety-six percent per year;
- 10 f. Stone told the investors that the Income Fund would be going public in April
- 11 2001;
- 12 g. Stone failed to tell investors that the Income Fund never existed;
- 13 h. Stone failed to tell investors that any payouts given were not from
- 14 dividends from the Income Fund;
- 15 i. Stone failed to tell investors that he was using their money to pay
- 16 personal expenses and for day trading; and
- 17 j. Stone failed to tell investors that he was having money problems, including
- 18 filing for bankruptcy in July of 1999.

19 Based on the foregoing findings, the California Corporations Commissioner is of the opinion
20 that the securities in the form of investment contracts comprised of investment interests in Income
21 Fund issued by Stone are securities subject to qualification under the California Corporate Securities
22 Law of 1968 and are being or have been offered or sold without being qualified, in violation of
23 Section 25110 of the Corporate Securities Law of 1968.

24 Pursuant to Section 25532 of the Corporate Securities Law of 1968, Stone is hereby ordered
25 to desist and refrain from the further offer or sale in the State of California of securities in the form of
26 investment contracts unless and until qualification has been made under said law or unless exempt.
27 The sale of such securities is subject to qualification under said law and such securities are being or
28 have been offered for sale without first being so qualified.

1 Further, the California Corporations Commissioner is of the opinion that the securities issued
2 by Stone were offered and sold in this state by means of written or oral communications which
3 included untrue statements of material fact or omitted to state material facts necessary in order to
4 make the statements made, in the light of the circumstances under which they were made, not
5 misleading, in violation of section 25401 of the Corporate Securities Law of 1968.

6 Pursuant to Section 25532 of the Corporate Securities Law of 1968, Stone is hereby ordered
7 to desist and refrain from offering or selling or buying or offering to buy any security in the State of
8 California, including but not limited to, investment contracts, by means of any written or oral
9 communication which includes an untrue statement of a material fact or omits to state a material fact
10 necessary in order to make the statements made, in the light of the circumstances under which they
11 were made, not misleading.

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

14 Dated: July 11, 2005
15 Los Angeles, California

16 WAYNE STRUMPFER
17 Acting California Corporations Commissioner

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19 By _____
20 ALAN S. WEINGER
21 Acting Deputy Commissioner
22 Enforcement Division
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