

1 6. The milk and corn contracts or options Lawrence sold or purchased, offered for sale or
2 purchased, or offered to enter into or entered into as a seller or purchaser were commodities as defined
3 by the California Commodity Law of 1990 and found in section 29504 of the Corporations Code.

4 7. Lawrence’s transactions do not meet the exemptions found in sections 29530, 29531
5 and 29532 of the Corporations Code.

6 8. Corporations Code section 29509 defines a commodity merchant as a futures commission
7
8 merchant, commodity pool operator, commodity trading advisor, introducing broker, leverage
9 transaction merchant, an associated person of the foregoing, a floor broker and any other person
10 required to register with the Commodity Futures Trading Commissioner (“CFTC”).

11 9. Corporations Code section 29535 states no person shall engage in the trade or business or
12 otherwise act as a commodity merchant unless the person is registered or temporarily licensed with
13 the CFTC for each activity constituting that person as a commodity merchant. Lawrence acted as a
14 commodity merchant and is not exempt from the registration and licensing requirements.

15 10. Lawrence’s pooling of funds from investors into a trading account at County Hedging,
16 Inc., involves investment contracts, which are defined as securities by the California Securities Law of
17 1968 found in section 25019 of the Corporations Code. Lawrence offered or sold these securities to
18 California investors in issuer transactions that were not exempt from the qualification requirements in
19 Corporations Code section 25110. The Department of Corporations has not issued a permit, license or
20 other form of approval or qualification authorizing Lawrence to offer and sell investment contracts.

21 Based upon the foregoing, the California Corporations Commissioner is of the opinion that
22 Stephen J. Lawrence doing business as Dairypower.com sold or purchased, or offered to sell or
23 purchase commodities under commodity contracts or options, or offered to enter into, or entered into,
24 as a seller or purchaser commodity contracts or options.

25 Pursuant to section 29542 of the California Commodity Law of 1990, Stephen J. Lawrence
26 doing business as Dairypower.com is hereby ordered to desist and refrain from the further sale or
27 purchase or offer to sell or purchase any commodity contract or under any commodity option,
28 including, but not limited to, milk or corn contracts and from the further offer to enter into, or
entering into, as sellers or purchasers of any commodity contract or any commodity contract in the
State of California, unless and until such activity is not in violation of Corporations Code section

1 29520 of the law.

2 The Commissioner is also of the opinion that Stephen J. Lawrence doing business as
3 Dairypower.com is engaged in a trade or business as a commodity merchant without registration or
4 licensure, then in effect, authorizing him to act in that capacity in violation of Corporations Code
5 section 29535.

6 Pursuant to Corporations Code section 29542, Stephen J. Lawrence doing business as
7 Dairypower.com is hereby ordered to desist and refrain from conducting business as a commodity
8 merchant in the State of California, until registration or licensure has been made under said law, or
9 unless exempt.

10 Further, the California Corporations Commissioner is of the opinion that the investment
11 contracts offered or sold by Stephen J. Lawrence doing business as Dairypower.com are securities
12 subject to qualification under the California Corporate Securities Law of 1968, and are being or
13 have been offered or sold without being qualified and without being exempted in violation of
14 California Corporations Code section 25110.

15 Pursuant to section 25532 of the Corporate Securities Law of 1968, Stephen J. Lawrence
16 doing business as Dairypower.com is hereby ordered to desist and refrain from the further offer or
17 sale in the State of California of securities, including, but not limited to, investment contracts, unless
18 and until qualification has been made under said law or unless exempt.

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 of the California Commodity Law of 1990 and the
21 Corporate Securities Law of 1968.

22 Dated: December 6, 2006
23 Los Angeles, California

24 PRESTON DuFAUCHARD
California Corporations Commissioner

25 By _____
26 ALAN S. WEINGER
27 Lead Corporations Counsel
28 Enforcement Division