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

TO: Miguel Salazar, Member/Manager
Carlos Flores, Member/Manager
Duncan Elkinson, Sales Representative
Gary Snow, Sales Representative
S.F. Capital & Associates, LLC
413 S. Granada Avenue, Unit A
Alhambra, California 91801

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

The California Corporations Commissioner finds that:

1. At all relevant times, Miguel Salazar (“Salazar”) and Carlos Flores (“Flores”) were members and managers of S.F. Capital & Associates, LLC (“S.F. Capital”), a California limited liability company with a business address of 413 South Granada Avenue, Unit A, Alhambra, California, 91801.

2. At all relevant times, Duncan Elkinson (“Elkinson”) and Gary Snow (“Snow”) were hired by S.F. Capital to solicit investors to invest in S.F. Capital. Elkinson and Snow also recruited others as “dialers” to solicit investors from investor call sheets provided by S.F. Capital. Dialers were hired with an initial trial period for approximately \$300 per week to make calls up to eight hours a day from their respective homes on assigned telephone lines with toll-free numbers installed and paid for by S.F. Capital, including long distance and local phone costs. Dialers were required to maintain a log of the calls they made to prospective investors on forms provided by S.F. Capital. Leads were
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1 then forwarded to S.F. Capital and divided with other dialers. Elkinson or Snow would follow-up
2 with potential investors to close the deal.

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4 3. Beginning in or about June, 2002, Salazar, Flores, Elkinson, Snow, and S.F. Capital offered or
5 sold securities in the form of units and promissory notes of S.F. Capital.

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7 4. Through cold-calling and other means of general solicitation, Salazar, Flores, Elkinson, Snow,
8 and S.F. Capital offered or sold units at \$5,000 per unit backed by a promissory note(s) to raise at
9 least 2 million dollars. Each unit was to supposedly earn eight percent (8%) interest every 90 days,
10 32% annually, or 36% interest compounded annually. Other investors, however, were promised only
11 five percent (5%) interest every 90 days. Investors were told that their principal would automatically
12 re-invest each quarter with a renewed promise of quarterly interest unless they asked for their
13 principal back. Investors, however, were encouraged to “roll-over” their earnings each quarter and
14 each year with the promise of earning bigger returns.

15
16 5. Investors could either pay investment monies to S.F. Capital directly or roll-over their
17 Individual Retirement Accounts (IRAs) into self-directed IRAs with IRA Resources, Inc. IRA
18 Resources, Inc. was then directed to pay out the investor monies to S.F. Capital for the units
19 purchased, and charged investors associated fees for the transaction. Investors that established
20 accounts at IRA Resources, Inc. were given quarterly statements by S.F. Capital reflecting deposits of
21 their earned interest that S.F. Capital supposedly made to their accounts. However, when investors
22 sought to withdraw their earnings, there was no money to withdraw. Investors were later told that in
23 order to get paid, more investors would have to invest.

24
25 6. The purported purpose of the offering was to raise funds to finance accounts receivables
26 through factoring contracts of latex gloves used in the food or medical industry.

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1 7. These securities were offered or sold in this state in issuer transactions. The Department of
2 Corporations has not issued a permit or other form of qualification authorizing any person to offer or
3 sell these securities in this state.

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5 8. In connection with these offers and sales, Salazar, Flores, Elkinson, Snow, and S.F. Capital
6 represented or omitted to disclose to investors that:

- 7 a. the units the investors bought were not securities;
- 8 b. investors would earn a promised quarterly interest and a compounded amount if they
9 rolled-over their investment;
- 10 c. some investors were being promised a quarterly return at the rate of 8% while others
11 were being promised a rate at 5%;
- 12 d. monies invested through IRA Resources, Inc. accounts would realize their promised
13 returns as deposits in their accounts;
- 14 e. investors could withdraw their promised earnings;
- 15 f. investors could withdraw their principal investment;
- 16 g. in order to get paid their earnings, investors would have to bring in more investors.

17
18 Based upon the foregoing findings, the California Corporations Commissioner is of the
19 opinion that the units and promissory notes of S.F. Capital & Associates, LLC are securities subject
20 to qualification under the California Corporate Securities Law of 1968 and are being or have been
21 offered or sold without being qualified in violation of Corporations Code section 25110. Pursuant to
22 section 25532 of the Corporate Securities Law of 1968, Miguel Salazar, Carlos Flores, Duncan
23 Elkinson, Gary Snow, and S.F. Capital & Associates, LLC are hereby ordered to desist and refrain
24 from the further offer or sale in the State of California of securities in the form of units or promissory
25 notes, unless and until qualification has been made under the law. This Order is necessary, in the
26 public interest, for the protection of investors and consistent with the purposes, policies, and
27 provisions of the Corporate Securities Law of 1968.

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1 Further, the California Corporations Commissioner is of the opinion that the securities of S.F.
2 Capital & Associates, LLC were offered or sold in this state by means of written or oral
3 communications which included an untrue statement of a material fact or omitted to state a material
4 fact necessary in order to make the statements made, in the light of the circumstances under which
5 they were made, not misleading, in violation of section 25401 of the Corporate Securities Law of
6 1968. Pursuant to section 25532 of the Corporate Securities Law of 1968, Miguel Salazar, Carlos
7 Flores, Duncan Elkinson, Gary Snow, and S.F. Capital & Associates, LLC are hereby ordered to
8 desist and refrain from offering or selling or buying or offering to buy any security in the State of
9 California, including but not limited to the units and promissory notes, by means of any written or
10 oral communication which includes an untrue statement of a material fact or omits to state a material
11 fact necessary in order to make the statements made, in the light of the circumstances under which
12 they were made, not misleading. This Order is necessary, in the public interest, for the protection of
13 investors and consistent with the purposes, policies, and provisions of the Corporate Securities Law
14 of 1968.

15 Dated: July 10, 2007

16 Sacramento, California

18 PRESTON DuFAUCHARD
19 California Corporations Commissioner

21 By _____
22 SHARON A. LUERAS
23 Lead Corporations Counsel
24 Enforcement Division

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