PRESTON DuFAUCHARD
California Corporations Commissioner
ALAN S. WEINGER
Deputy Commissioner
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Senior Corporations Counsel
Department of Corporations
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Attorneys for Complainant

BEFORE THE DEPARTMENT OF CORPORATIONS

OF THE STATE OF CALIFORNIA

In the Matter of the THE CALIFORNIA CORPORATIONS COMMISSIONER, Complainant, v. MELVIN RUSSELL SHIELDS, aka RUSTY SHIELDS, CHASTAN SHIELDS, PINNACLE PROPERTY SOLUTIONS, CONVERGENT MANAGEMENT GROUP, LLC, Respondents.	CASE NO. 2010070918 STIPULATION TO ENTRY OF DESIST AND REFRAIN ORDER (CORPORATIONS CODE SECTION 25110) (CORPORATIONS CODE SECTION 25401) (CORPORATIONS CODE SECTION 25532)

In resolution of an investigation into unlawful practices in the offer and sale of securities in violation of California Corporations Code sections 25110 and 25401, and without admitting or denying such activities, IT IS HEREBY STIPULATED AND AGREED between Melvin Rusty Shields, aka Rusty Shields, Chastan Shields, Pinnacle Property Solutions, and Convergent Management Group, LLC (hereafter collectively “Respondents”) and the California Corporations Commissioner ("Commissioner"), as follows:

1. Without admitting or denying any of the findings, Respondents stipulate to the entry of the Desist and Refrain Order issued by the Commissioner on May 17, 2010 directing Respondents to cease the further offer and sale of securities in the State of California, including but not limited to, investment contracts in bank owned (or REO) properties and a system to turn a profit for investors,

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unless and until qualification has been made under the California Corporate Securities Law, or unless exempt.

2. Without admitting or denying any of the findings, Respondents stipulate to the entry of the Desist and Refrain Order issued by the Commissioner on May 17, 2010, directing Respondents to cease the further offer and sale of securities in the State of California, including but not limited to, investment contracts in bank owned (or REO) properties and a system to turn a profit for investors, by means of any written or oral communication which includes untrue statements or omissions of material facts.

3. Further, if Respondents, or any entity under the control of any of the individual respondents, wishes to sell securities in the state of California pursuant to an exemption, that Respondents shall file as required by the Department of Corporations all documentation required by the Corporate Securities Law, and that Respondents shall personally serve the Deputy Commissioner of the Enforcement Division of the California Department of Corporations, via certified mail, with a copy of the filing made with the Department and a copy of this stipulation.

4. Respondents neither admit nor deny that the investments they were offering and selling were "investment contracts," but represent that they ceased selling those investments in California and else where as of October, 2009, altogether.

5. Respondents, and each of them, acknowledge service of the Desist and Refrain Order between the dates of May 28, 2010 and June 1, 2010, by personal service to the party or person authorized to receive service of process for each party.

6. Currently, a hearing is set in the Los Angeles Office of Administrative Hearings for Monday, November 1, 2010. The hearing was set at the request of the Respondents. The Commissioner is willing and ready to provide Respondents with an opportunity to challenge the May 17, 2010, Desist and Refrain Order at such hearing.

7. Respondents withdraw their request for hearing on the allegations set forth in the May 17, 2010, Desist and Refrain Order. Respondents acknowledge their right to an administrative hearing under Corporations Code section 25532 and hereby waive that right to any hearing or appeal of the Desist and Refrain Order.

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8. Respondents acknowledge that pursuant to California Corporations section 25535, remedies for violations of the Corporate Securities Law of 1968 (Cal. Corp. Code §25000 et. seq.) are not exclusive and may be sought and employed in any combination to enforce the purpose and provisions of this law.

9. Respondents agree that nothing in this Stipulation shall limit the Commissioner's ability to investigate and prosecute violations of the Corporate Securities Law that are not addressed in the Desist and Refrain Order issued May 17, 2010.

10. Respondents agree that nothing in this Stipulation shall preclude the Commissioner, or his agents or employees, to the extent authorized by law, from assisting or cooperating in any investigation and/or action brought by any other federal, state or county agency. Respondents further agree that this Stipulation shall not bind or otherwise prevent any other federal, state or county agency from the performance of its duties.

11. Respondents enter into this Stipulation voluntarily and without coercion and acknowledge that no promises, threats or assurances have been made by the Commissioner or any officer, or agent thereof, about this Stipulation.

12. Respondents and the Commissioner agree that this Stipulation may be executed in one or more separate counterparts, each of which when so executed, shall be deemed an original. Such counterparts shall together constitute and be one and the same instrument.

13. On January 8, 2010, P.K. signed an agreement wherein Pinnacle would return $20,900 to P.K. and P.K. released any claim to a $1,000 non-refundable deposit. However, as part of the settlement of this action, Respondents will pay $1,000.00 to P.K. by Monday, November 1, 2010. P.K.'s full name and address will be provided under separate cover.

14. This Stipulation is entered into for the purpose of judicial economy and expediency, and to avoid the time and expense of a hearing and possible further court proceedings. The Commissioner finds that this Stipulation is necessary or appropriate in the public interest or for the protection of investors and consistent with the purposes fairly intended by the policy and provisions of this law.

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PRESTON DuFAUCHARD,
California Corporations Commissioner

Dated: 10/27/10 By_____
ALAN S. WEINGER
Deputy Commissioner

MELVIN RUSTY SHIELDS

Dated: 10-28-10 By_____
Melvin Rusty Shields, individually

CHASTAN SHIELDS

Dated: 10-29-10 By_____
Chastan Shields, individually

PINNACLE PROPERTY SOLUTIONS

Dated: 10-28-10 By_____
Melvin Rusty Shields, managing member or control person

Dated: 10-29-10 By_____
Chastan Shields, managing member or control person

CONVERGENT MANAGEMENT GROUP, LLC

Dated: 10-28-10 By_____
Melvin Rusty Shields, managing member or control person

Dated: 10-29-10 By_____
Chastan Shields, managing member or control person

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Approved as to Form and Content

Dated: 10-29-10

By_____
Senior Corporations Counsel, Erik Brunkal
On behalf of the California Corporations Commissioner

Dated: 10-28-10

By_____
Gregory Charles, Esq.
Counsel for All Respondents

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