

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 WAYNE STRUMPFER
Deputy Commissioner
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5 DEPARTMENT OF CORPORATIONS
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8
9 BEFORE THE DEPARTMENT OF CORPORATIONS
10 OF THE STATE OF CALIFORNIA

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12 In the Matter of) FILE NO. 41400
13 THE CALIFORNIA CORPORATIONS)
14 COMMISSIONER,) ORDER TO DISCONTINUE VIOLATIONS
15 Complainant,) PURSUANT TO CORPORATIONS CODE
16 v.) SECTION 25249
17 CAPSTONE INVESTMENTS AND)
18 ANTHONY CAPOZZA,)
19 Respondents.)

20 To: Anthony Capozza, Chief Executive Officer
21 Capstone Investments
22 4660 La Jolla Village Drive, Suite 1040
23 San Diego, California 92122

24 Preston DuFauchard, the California Corporations Commissioner of the Department of
25 Corporations finds that:

26 Capstone Investments has violated certain provisions of the Corporate Securities Law of
27 1968 (Corp. Code § 25000 et seq.), and regulations promulgated thereunder. Capstone Investments
28 has violated the following:

1 1. Corporations Code section 25216, subdivision (a), by effecting transactions in, or
2 inducing or attempting to induce the sale of any security by means of any manipulative, deceptive or
3 other fraudulent scheme, device or contrivance;

4 2. Corporations Code section 25401, by offering to sell or selling a security by means of
5 an untrue statement of material fact or an omission of a material fact;

6 3. California Code of Regulations, title 10, section 260.218.2, by recommending the sale
7 of a security without having reasonable grounds to believe that the recommendation was not
8 unsuitable for the customer; and

9 4. California Code of Regulations, title 10, section 260.218.4, subdivision (c)(2) by
10 failing to enforce written procedures regarding the frequent examination of customer accounts to
11 detect and prevent irregularities and abuses.

12 NOW, BASED UPON THE FOREGOING, AND GOOD CAUSE APPEARING, it is hereby
13 ORDERED, under the provisions of Corporations Code section 25249, that Capstone Investments
14 immediately discontinue violating California Corporations Code sections 25216, subdivision (a) and
15 25401, and California Code of Regulations, title 10, sections 260.218.2 and, 260.218.4, subdivision
16 (c)(2).

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Dated: October 11, 2006

PRESTON DuFAUCHARD
California Corporations Commissioner

By: _____
ALAN S. WEINGER
Supervising Attorney
Enforcement Division