

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

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

**TO:** Jerry C. Apodaca, Managing Member  
Apodaca Investment Group, LLC  
505 Montgomery Street, Suite 1100  
San Francisco, CA 94111

**DESIST AND REFRAIN ORDER**  
**(For violations of section 25230 of the Corporations Code)**

The California Corporations Commissioner finds that:

1. At all relevant times, Jerry C. Apodaca ("Apodaca") was the Managing and sole member of Apodaca Investment Group, LLC ("AIG"). AIG is or was a California limited liability company, formed in February 1997.
2. Apodaca Investment Partners, L.P. is a California limited partnership, formed in February 1997, with AIG as its General Partner. At all relevant times, Apodaca was the registered agent of Apodaca Investment Partners, L.P.
3. Beginning on or about July 31, 2001 and continuing thereafter, Apodaca and AIG provided discretionary investment advice to Apodaca Investment Partners, L.P. The goal of the partnership was to achieve long-term appreciation by trading and investing in a broad list of public and private securities.
4. Apodaca and AIG attempted to raise \$14,000,000 to invest in partnerships, including Apodaca Investment Partners, L.P. At least one client invested approximately \$450,000 in partnerships offered through Apodaca and AIG.
5. AIG and Apodaca received compensation for the investment advisory services they provided Apodaca Investment Partners, L.P. AIG and Apocada were paid a management fee at the end of each calendar quarter, in arrears, equal to one-quarter of one percent of the capital account of each limited partner.

1 6. Beginning on or about July 31, 2001, neither AIG nor Apodaca had a valid  
2 investment adviser certificate issued by the Department of Corporations or the U.S.  
3 Securities and Exchange Commission ("SEC"). The predecessor of AIG, Apodaca  
4 Investment Group, Inc. was notice-filed with the Department of Corporations as an  
5 investment adviser from July 1997 until March 2001. Because Apodaca Investment Group,  
6 Inc. was registered as an Investment Adviser with the SEC, it only had to file the documents  
7 it submitted to the SEC to the Department of Corporations and pay the annual notice-filing  
8 fee. The Department of Corporations withdrew the notice-filing for the firm's failure to pay  
9 the 2001 annual notice-filing fee. The SEC canceled the firm's registration on July 31, 2001  
10 for its failure to certify the amount of assets under management. Therefore, AIG and  
11 Apodaca have been engaging in unlicensed investment adviser activity since July 31, 2001.

12 Based upon the foregoing findings, the California Corporations Commissioner is of  
13 the opinion that Apodaca and AIG have conducted business as an investment adviser in  
14 this state without first applying for and securing from the commissioner a certificate, then in  
15 effect, authorizing them to do so, in violation of section 25230 of the California Corporate  
16 Securities Laws ("CSL"). Jerry C. Apodaca and Apodaca Investment Group, LLC. are  
17 hereby ordered to desist and refrain from acting as an investment adviser in the State of  
18 California unless and until they have first applied for and secured from the Commissioner a  
19 certificate, then in effect, authorizing them to act as an investment adviser.

20 ///  
21 ///  
22 ///  
23 ///  
24 ///  
25 ///  
26 ///  
27 ///

28

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

This Order is necessary, in the public interest, for the protection of investors and consistent with the purposes, policies, and provisions of the CSL.

Dated: June 16, 2003

Los Angeles, California

DEMETRIOS A. BOUTRIS  
California Corporations Commissioner

By \_\_\_\_\_  
ALAN WEINGER  
Supervising Counsel  
Enforcement and Legal Services