

1 STATE OF CALIFORNIA
2 BUSINESS, TRANSPORTATION AND HOUSING AGENCY
3 DEPARTMENT OF CORPORATIONS
4

5 **TO:** Kenneth Mark Doolittle also known as Ken Doolittle doing business as
6 Monterey Bay Securities, Inc., Monterey Bay Investment, Inc.,
7 Monterey Bay Investment Corporation, Monterey Bay Investments,
8 Monterey Bay Investment Corp., M Homes, Mobile Repo, Inc.,
9 Recycled Mobile Homes and Recycled Housing

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11 **DESIST AND REFRAIN ORDER**
12 **(For violations of sections 25110, 25230 and 25401 of the California Corporations Code)**

13 The California Corporations Commissioner finds that:

14 1. Kenneth Mark Doolittle also known as Ken Doolittle (“Doolittle”) is an individual
15 who resided in California and was employed in the securities industry as a registered representative
16 and as a principal. The National Association of Securities Dealers (“NASD”) maintains the
17 qualification, employment and disclosure histories of registered representatives and principals in its
18 Central Registration Depository (“CRD”). According to the NASD, Doolittle’s CRD number is
19 1017937. Since December 1984 Doolittle was the president, financial and operation principal of
20 Monterey Bay Securities, Inc., a NASD member firm (CRD 16274) and a California licensed broker-
21 dealer. Doolittle represented to the NASD that Monterey Bay Securities, Inc. was engaged primarily
22 in the retail sale of mutual funds.

23 2. The NASD disciplined Monterey Bay Securities, Inc. and Doolittle for multiple securities
24 violations including the following: the lack of adequate net capital for Monterey Bay Securities, Inc.;
25 Doolittle’s failure to notify the Securities and Exchange Commission (“SEC”) and NASD about this
26 net capital deficiency; Monterey Bay Securities, Inc., and Doolittle’s failure to have a continuing
27 education plan and their failure to disclose and report as required an arbitration award entered against
28 Monterey Bay Securities, Inc., Doolittle and his employee in the amount of \$100,000.

1 3. Doolittle also formed and acted as the president of Monterey Bay Investment Corp.
2 (CRD 16274). Doolittle, using the name Monterey Bay Investment Corp., obtained an investment
3 adviser certificate from the California Corporations Commissioner in 1986. Although the
4 certificate issued to Monterey Bay Investment Corp. was revoked in February 2000, Doolittle
5 nevertheless continued to operate as an investment adviser using that name and variants of the name
6 including, but not limited to, Monterey Bay Investment Corporation, Monterey Bay Investments,
7 and Monterey Bay Investment Inc. All of the entities and fictitious business names used by
8 Doolittle functioned as his alter egos.

9 4. As a licensee and principal Doolittle is obligated to conform to the requirements of the
10 Corporate Securities Law of 1968 (California Corporations Code §§ 25000 et seq.), California
11 regulations (Code of Regulations, title 10, §§ 260.000 et seq.), as well as Federal securities law, rules
12 and regulations promulgated by the SEC and the NASD.

13 5. Doolittle routinely sought clients and sought investors' funds by means of advertising.
14 Doolittle offered "free notary services" in the yellow pages and local newspapers. In addition,
15 Doolittle advertised on his Internet websites, which include: <http://recycledhousing.com>,
16 <http://kendoolittle.com>, <http://www.investorsdomain.com>, <http://www.lawyerdomains.com> and
17 <http://www.guntransfers.com>. Some of Doolittle's websites described investments opportunities.
18 Doolittle also sought investors through affiliation with church or religious groups and with military
19 veterans and gun owners. Doolittle represents himself to be a devout church member and
20 descendant of General Doolittle from the World War II era. Doolittle sought to exploit the trust and
21 friendship existing among those in various religious and military groups to gain access to investors'
22 funds. Doolittle's clients acquired in this manner were elderly, trusting and unsophisticated
23 individuals with minimal or no investment experience.

24 6. Doolittle's offer of free notary services in his offices provided him with the opportunity
25 to discuss estate and financial planning with potential clients and make recommendations to them.
26 At times Doolittle advised and directed the sale or exchange of a client's stock, mutual funds or
27 other assets to enable a client to purchase other investments and financial products that he sold,
28 which resulted in fees, commissions and compensation being paid to him or his alter egos.

1 7. Doolittle's recommendations included the sale or exchange of low risk mutual funds,
2 blue chip stock and other investments held by clients with sale proceeds transferred to Doolittle.
3 Doolittle induced clients to purchase investments he offered in entities he created that also operated
4 as his alter egos including: Monterey Bay Investments, M Homes, Mobile Repo, Inc., Recycled
5 Mobile Homes and Recycled Housing. After Doolittle acquired funds from clients they often had
6 difficulty obtaining documents reflecting their investments with him. Initially clients would receive
7 some profit or return on their investment in the form of monthly interest payments, but Doolittle
8 invariably ceased making payments and offered a variety of excuses or avoided contact with clients.

9 8. Doolittle's discretionary investment advice to California investors and receipt of
10 compensation for these investment advisory services occurred during a time he was not licensed to
11 do so and not exempt from the certification requirement of the Corporate Securities Law.

12 9. The investments offered by Doolittle include interests in a 'mortgage fund' he created.
13 Doolittle explained to potential investors that he manages a first trust deed mortgage pool in the
14 central coast area. Doolittle offered fractionalized interests in trust deeds secured by real or personal
15 property, including mobile homes, and also offered domain name investments. In all cases Doolittle
16 promised investors profits or interest payments to investors significantly above the market rate,
17 ranging from ten to fifteen percent (10%-15%).

18 10. Doolittle's offers and sales of investment contracts in the form of interests in mortgage
19 pools, fractionalized trust deeds, and domain name investments constitute securities. These
20 securities were required to be but were not qualified under the Corporate Securities Law and are not
21 exempt in violation of Corporations Code section 25110.

22 11. Doolittle did not disclose to his clients that his investment advisory certificate was
23 revoked and that neither he nor his alter egos possessed a investment adviser certificate from the
24 Department of Corporations or the Securities and Exchange Commission authorizing him to
25 conduct business as an investment adviser in California. Doolittle failed to inform investors that he
26 was not licensed by the California Department of Housing and Community Development to act as a
27 mobile home dealer and that it had refused to grant him a license to engage in mobile home
28 transactions with investors. Doolittle failed to disclose the NASD disciplinary action taken him.

1 Doolittle also did not disclose to investors that he and/or his alter egos were defendants in at least a
2 dozen civil cases. Doolittle failed to inform investors that his activities violated the Corporate
3 Securities Law and California laws and regulations as well as SEC and NASD requirements and
4 rules.

5 Based upon the foregoing findings, the California Corporations Commissioner is of the
6 opinion that the activities of Kenneth Mark Doolittle also known as Ken Doolittle doing business as
7 Monterey Bay Securities, Inc., Monterey Bay Investment, Inc., Monterey Bay Investment
8 Corporation, Monterey Bay Investment Corp., Monterey Bay Investments, M Homes, Mobile Repo,
9 Inc., Recycled Mobile Homes or Recycled Housing involve offers or sales of securities in California
10 that are subject to qualification under the Corporate Securities Law, without such offers or sales first
11 being qualified or exempt, in violation of Corporations Code section 25110. The California
12 Corporations Commissioner is also of the opinion that such offers and sale of securities in this State
13 were made by means of written or oral communications which included an untrue statement of a
14 material fact or omitted to state a material fact necessary in order to make the statements made, in the
15 light of the circumstances under which they were made, not misleading, in violation of Corporations
16 Code section 25401.

17 Further, the California Corporations Commissioner is of the opinion that Kenneth Mark
18 Doolittle also known as Ken Doolittle doing business as Monterey Bay Securities, Inc., Monterey
19 Bay Investment, Inc., Monterey Bay Investment Corporation, Monterey Bay Investment Corp.,
20 Monterey Bay Investments, M Homes, Mobile Repo, Inc., Recycled Mobile Homes or Recycled
21 Housing conducted business as an investment adviser in California without having first applied for
22 and secured a certificate, then in effect, from the Commissioner authorizing such activities in
23 violation of section 25230 of the California Corporations Code.

24 Pursuant to section 25532 of the Corporations Code, Kenneth Mark Doolittle also known as
25 Ken Doolittle doing business as Monterey Bay Securities, Inc., Monterey Bay Investment, Inc.,
26 Monterey Bay Investment Corporation, Monterey Bay Investment Corp., Monterey Bay
27 Investments, M Homes, Mobile Repo, Inc., Recycled Mobile Homes and Recycled Housing are
28 hereby ordered to:

- 1 1. Desist and refrain from the further offer or sale of securities including, but not
2 limited to, investment contracts, unless and until the offers and sales have been duly
3 qualified under the Corporate Securities Law or unless exempt;
- 4 2. Desist and refrain from offering or selling or buying or offering to buy any
5 security in the State of California by means of any written or oral communication
6 which includes an untrue statement of a material fact or omits to state a material fact
7 necessary in order to make the statements made, in the light of the circumstances
8 under which they were made, not misleading; and
- 9 3. Desist and refrain from conducting business as an investment adviser in the
10 State of California, unless and until granted a certificate by the California
11 Corporations Commissioner under said law or unless exempt.

12 This Order is necessary, in the public interest, for the protection of investors and consistent
13 with the purposes, policies and provisions of the Corporate Securities Law of 1968.

14 Dated: January 2, 2007
15 Los Angeles, California

16 PRESTON DuFAUCHARD
17 California Corporations Commissioner

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19 By _____
20 ALAN S. WEINGER
21 Lead Corporations Counsel
22 Enforcement Division
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