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

TO: Franklin M. Douglass, M.D.,
Stephen D. Silver, Manager
Lynstar Holdings, LLC.
Lynstar Homes of Texas, Ltd.
Lynstar Westwood Homes, Ltd.
Lynstar Homes, LLC.
www.lynnstarhomes.com
5 Grogans Park Drive, Suite 201
The Woodlands, Texas 77381

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

The California Corporations Commissioner finds that:

1. At all relevant times, Stephen D. Silver (“Silver”) is or was a Manager of Lynstar Homes, LLC, and Registered Agent of Lynstar Westwood Homes, Ltd., and Lynstar Homes of Texas, Ltd.
2. At all relevant times, Lynstar Homes, LLC is or was a Texas limited liability company, formed in March 2000.
3. At all relevant times, Lynstar Homes of Texas, Ltd. is or was a Texas domestic limited partnership, formed in March 2002 and set to expire on December 31, 2012. Lynstar Holdings, LLC is its general partner.
4. Lynstar Westwood Homes, Ltd. Is a Texas domestic limited partnership formed in February 2003, with an inactive date of May 8, 2003. Lynstar Homes of Texas, Ltd. acts as its General Partner.
5. At all relevant times, Franklin M. Douglass, M.D. (“Douglass”), was a promoter of Lynstar Homes of Texas, Ltd.
6. Beginning in or about November 2002 and continuing to date, Lynstar Homes of

1 Texas, Ltd., Lynstar Homes, LLC., Lynstar Westwood Homes, Ltd., Lynstar Holdings, LLC.,
2 www.lynstarhomes.com, Silver and Douglass offered or sold securities in the form of limited
3 partnership interests and stock in Lynstar Homes of Texas, Ltd.

4 7. Through a posting on the Internet and mailings to individuals, Lynstar Homes of
5 Texas, Ltd., Lynstar Homes, LLC., Lynstar Westwood Homes, Ltd., Lynstar Holdings, LLC.,
6 www.lynstarhomes.com, Silver and Douglass offered over \$400,000 worth of limited
7 partnership interests in Lynstar Homes of Texas, Ltd. Lynstar Homes of Texas, Ltd. was
8 offering investments at \$5,000 per unit with a 3-unit minimum with a preferential return of
9 12% plus profit participation and common stock ownership.

10 8. The purported purpose of Lynstar Homes of Texas, Ltd. was to raise funds to build
11 affordable housing priced from \$99,000-\$129,000.

12 9. These securities were offered or sold in this state in issuer transactions. The
13 Department of Corporations has not issued a permit or other form of qualification authorizing
14 any person to offer and sell these securities in this state.

15 Based on the foregoing findings, the California Corporations Commissioner is of the
16 opinion that the limited partnership interests and stock offered or sold in Lynstar Homes of
17 Texas, Ltd., are securities subject to qualification under the California Corporate Securities
18 Law of 1968 and are being or have been offered or sold without being qualified. Pursuant to
19 Section 25532 of the Corporate Securities Law of 1968, Lynstar Homes of Texas, Ltd.,
20 Lynstar Homes, LLC., Lynstar Westwood Homes, Ltd., Lynstar Holdings, LLC.,
21 www.lynstarhomes.com, Silver and Douglass are hereby ordered to desist and refrain from
22 the further offer or sale in the State of California of securities in the form of limited
23 partnership interests and stock, unless and until qualification has been made under said law
24 or unless exempt. The sale of such securities is subject to qualification under said law and
25 such securities are being or have been offered for sale without first being so qualified. This
26 Order is necessary, in the public interest, for the protection of investors and consistent with
27 the

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purposes, policies, and provisions of the Corporate Securities Law of 1968.

Dated: June 2, 2003

Los Angeles, California

DEMETRIOS A. BOUTRIS
California Corporations Commissioner

By _____
ALAN WEINGER
Supervising Counsel
Enforcement and Legal Services