

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

TO: Village Capital Trust Limited
7088 Racoon Street
Belize City, Belize (C.A.)

Ya Die Technology Development Co.
E 2501, No. 18
HuiXin West Street
Chao Yang District
Beijing, China
P.C. 100029

J.T. Wallenbrock Associates
251 South Lake Avenue, 10th Floor
Pasadena, CA 91101

Citadel Capital Management Group, Inc.
251 South Lake Avenue, 10th Floor
Pasadena, CA 91101

Larry Toshio Osaki
640 Juniper Street
Upland, CA 91786

Mary E. Osaki
640 Juniper Street
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Van Yoshihiro Ichinotsubo
13516 Darvalle Street
Cerritos, CA 90703

Catherine Moon Yup Ichinotsubo
13516 Darvalle Street
Cerritos, CA 90703

DESIST AND REFRAIN ORDER

The California Corporations Commissioner finds that:

1. On January 28, 2002, the Securities & Exchange Commission (“Commission”) filed a complaint in Case Number 02-808-ER in federal district court in Los Angeles, California,

entitled Securities and Exchange Commission vs. J.T. Wallenbrock & Associates, Larry Toshio Osaki, Van Y. Ichinotasubo and Citadel Capital Management Group, Inc., seeking legal and equitable relief for violations of the federal securities laws by the defendants. The Commission alleged in its complaint that the defendants were offering and selling unregistered securities in the form of three-month promissory notes issued by Wallenbrock Associates (“Wallenbrock”), promising a 20% return (for each three month period) upon maturity, purportedly secured by accounts receivable of Wallenbrock. The Commission alleged further that the defendants were offering and selling the notes by means of material misrepresentations concerning the level of risk, security and profits associated with the notes. The Commission alleged that Wallenbrock purports to be involved in the business of factoring accounts receivable relating to the manufacture and export of latex gloves.

2. On the same date, January 28, 2002, United State District Court Judge Edward Rafeedie issued several orders, including an order freezing (subject to limited exceptions) all assets in the possession, custody or control of the defendants. The Court further ordered that:

on or before February 15, 2002, Defendants provide the Commissioner’s counsel and the Court an accounting of all funds received, directly or indirectly, from individuals or entities who invested money in the investments described in the Commission’s Complaint, or in similar investments offered, directly or indirectly, by Defendants, the uses to which such funds were put and the amounts of any remaining such funds and their location.

3. Subsequent to the issuance of the Court’s orders of January 28, 2002, holders of Wallenbrock notes have been receiving copies of a two-page letter dated January 31, 2002, purportedly sent from Beijing, China by Min Shi, President of Ya Die Technology Development Co. The letter does not explain who or what Ya Die Technology is, or its relationship to Wallenbrock, but it states:

We are contacting you directly because your name appears in our records as a Wallenbrock lender.

The letter purports to offer holders of Wallenbrock promissory notes the option of assigning or transferring “the administration only of their promissory notes to our firm for processing repayments or renewals in new export contracts as they become available.” The letter further states that:

We are presently negotiating with other intermediaries (banks, trust companies and other financial institutions) close to your region of the world to take over the repayment and processing of all Wallenbrock notes, and if you choose to renew, the renewal of any such notes in new contracts as they become available to us.

4. Within recent days an Internet site has also appeared at www.villagecapital.bz. The site purports to offer “Important Information for J.T. Wallenbrock Associates Lenders from the Management of Village Capital Trust Limited.” The text at the site advises holders of promissory notes issued by J.T. Wallenbrock Associates that they have an option to transfer their Wallenbrock promissory notes to Village Capital Trust Limited, which is described as “a corporation operating in Belize having no affiliation or connection with J.T. Wallenbrock

Associates or its principals, managers, employees, agents or assigns whatsoever.” According to the Internet site, J.T. Wallenbrock Associates has previously been acting as an agent for Chinese factoring firm Ya Die Technology, and Ya Die Technology has decided to have Village Capital Trust Limited assume the administration of all promissory notes formerly administered by J.T. Wallenbrock Associates.

5. The Internet site further represents that:

The same conditions and obligations agreed to in the arrangement with J.T. Wallenbrock Associates will apply for a period of at least 12 months from the day of transfer.

6. The Internet site also states that:

The continuing obligation of Village Capital Trust Limited will be evidenced by a promissory note similar to that issued by J.T. Wallenbrock Associates.... The promissory note will read, “for value received, Village Capital Trust Limited owes the holder of account number X, \$Y dollars in 90 days.”

7. In addition, the Internet site represents that current holders of Wallenbrock promissory notes who transfer their notes to Village Capital Trust Limited on or before February 15, 2002 will receive a level of return of 20% every 90 days. The Internet site further states that new investors who purchase notes of Village Capital Trust Limited by means other than transfer of Wallenbrock notes “will be eligible for a *reduced* rate of return only, set at 10% every 90 days.”

8. The Department of Corporation has not issued a permit or other form of qualification authorizing any person to offer and sell promissory notes of Village Capital Trust Limited in this state. The securities being offered to Wallenbrock investors and others over the Internet site are not exempt from the qualification requirement of Corporations Code section 25110, a provision of the California Corporate Securities Law of 1968, Corporations Code sections 25000 et seq.

Based upon the foregoing findings, the California Corporations Commissioner is of the opinion that promissory notes issued by Village Capital Trust Limited are securities subject to qualification under the California Corporate Securities Law of 1968 and that the notes are being offered by respondents without being qualified. Pursuant to Corporations Code section 25532(a), respondents are hereby ordered to desist and refrain from the further offer or sale in the State of California of securities in the form of promissory notes purportedly financing receivables contracts, including but not limited to the promissory notes of Village Capital Trust Limited, unless and until qualification has been made under said law or unless exempt. This Order is necessary, in the public interest, for the protection of investors and consistent with the purposes, policies and provisions of the Corporate Securities Law of 1968.

Based upon the foregoing findings, the California Corporations Commissioner is further of the opinion that respondents J.T. Wallenbrock Associates, Citadel Capital Management, Inc., Larry Toshio Osaki, Mary E. Osaki, Van Yoshihiro Ichinotsubo and Catherine Moon Yup Ichinotsubo, are acting as broker-dealers or investment advisers and engaging in broker-dealer or investment adviser activities in connection with the promissory notes of Village Capital Trust Limited. Pursuant to Corporations Code section 25532(b), those respondents are hereby ordered

to desist and refrain from further broker-dealer and/or investment adviser activity until they have been appropriately licensed or the required filing has been made under this law.

Dated: February 14, 2002
Los Angeles, California

DEMETRIOS A. BOUTRIS
California Corporations Commissioner

By _____
VIRGINIA JO DUNLAP
Acting Supervising Counsel
Enforcement and Legal Services Division