

1 STATE OF CALIFORNIA
2 BUSINESS, TRANSPORTATION AND HOUSING AGENCY
3 DEPARTMENT OF CORPORATIONS
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5 **TO:** Terrance Brown, Principal
6 Anto Kabajouzian, Branch Manager
7 Alexander, Anthony & Brown, Inc.
8 7901 Stoneridge Drive, Suite 5103
9 Pleasanton, California 94538

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

12 The California Corporations Commissioner finds that:

13 1. Terrance Brown (“Brown”) is an individual who resides in California and was a
14 California licensed real estate broker-dealer and designated as the officer broker of Alexander,
15 Anthony & Brown, Inc., a California corporation. Anto Kabajouzian is an individual who resides
16 in California and served as its branch manager. Alexander, Anthony and Brown, Inc. referred to
17 itself as “AAB INC.” and use variants of its corporate name including, but not limited to,
18 Alexander, Anthony & Brown, Inc. – Real Estate and Mortgage Solutions; AAB Incorporated;
19 AAB Inc.; and Realty World Broker Network – Inzunza & Brown. The fictitious business names
20 functioned as alter egos and were not registered with the Department of Real Estate (“DRE”) under
21 AAB’s corporate license as legally required. Hereinafter, the foregoing are designated as “AAB”.

22 2. AAB represented itself to the investing public as a “Wealth Management Company”
23 and “A Managed Fund Investing in Conservative Deed of Trust Secured Mortgages and Guarantee a
24 12.5% Return to Investors.” It also represented itself as “your personal financial advisors” and offered
25 their services to help investors evaluate their investment needs and achieve their goals.

26 3. AAB advertises as the “Home of the 12.5% CD” and offers its “Mortgage Investment
27 Fund, without fees that has a rate of return up to 12.5%.” AAB’s documents state our “CD is fully
28 secured with a promissory note by the company ... that is 100% guaranteed and A.A.B.
Incorporated secures all of our funds with a (sic) 1st or 2nd deed of trust on residential and income-

1 producing properties.” Investors are informed the minimum investment is \$25,000 and that [“t]he
2 Fund operates under the California Department of Corporations.”

3 4. AAB sought clients and investors’ funds by means of brochures that offered its
4 “pooled mortgage investment fund” and advertised on its website www.aabincorporated.com.
5 AAB’s clients acquired in this manner were elderly, trusting and unsophisticated individuals with
6 minimal or no investment experience.

7 5. AAB’s offer of its tax services by its “licensed CPAs” and its credit repair services
8 provided AAB with the opportunity to discuss estate and financial planning with potential clients
9 and make recommendations to them. AAB’s recommendations included the sale or exchange of
10 other investments held by investors with sale proceeds transferred to AAB. AAB’s advice
11 concerning various financial products including, but not limited to, those AAB sold resulted in
12 compensation being paid to AAB.

13 6. AAB’s discretionary investment advice to California investors and receipt of
14 compensation for these investment advisory services occurred during a time it was not licensed to
15 do so and not exempt from the certification requirements of the Corporate Securities Law.

16 7. The investments offered by AAB included interests in a ‘mortgage fund’ that manages
17 first and second trust deeds on residential and income-producing properties. AAB’s Fund does not
18 “operate under the California Department of Corporations.”

19 8. After AAB acquired funds from investors they had difficulty obtaining a return on their
20 investment in the form of interest payments or their principal. AAB ceased making payments and
21 offered a variety of excuses or avoided contact with investors.

22 9. AAB’s offer and sale of investment contracts in the form of interests in mortgage pools,
23 constitute securities. These securities were required to be but were not qualified under the
24 Corporate Securities Law.

25 10. Brown did not disclose to AAB investors that he had state tax liens filed against him.

26 11. AAB did not inform investors that AAB was not in good legal standing with the California
27 Office of the Secretary of State and that AAB’s corporate powers, rights and privileges were
28 suspended in March 2006 and remain suspended. AAB did not possess an investment adviser

1 certificate from the Department of Corporations or the Securities and Exchange Commission
2 authorizing it to conduct business as an investment adviser in California. AAB did not inform
3 investors that it was not conducting business as a licensed broker in conformity with various California
4 laws.

5 12. AAB misrepresented that the fund operates under the California Department of
6 Corporations.

7 Based upon the foregoing findings, the California Corporations Commissioner is of the
8 opinion that the activities of Terrance Brown, Anto Kabajouzian and Alexander, Anthony & Brown,
9 Inc. involve offers or sales of securities in California that are subject to qualification under the
10 Corporate Securities Law, without such offers or sales first being qualified or exempt, in violation of
11 Corporations Code section 25110. The California Corporations Commissioner is also of the opinion
12 that such offers and sales of securities in this state were made by means of written or oral
13 communications which included an untrue statement of a material fact or omitted to state a material
14 fact necessary in order to make the statements made, in the light of the circumstances under which
15 they were made, not misleading, in violation of Corporations Code section 25401.

16 Further, the California Corporations Commissioner is of the opinion that Alexander, Anthony
17 & Brown, Inc. conducted business as an investment adviser in California without having first applied
18 for and secured a certificate, then in effect, from the Commissioner authorizing such activities in
19 violation of section 25230 of the California Corporations Code.

20 Pursuant to section 25532 of the Corporations Code, Terrance Brown, Anto Kabajouzian
21 and Alexander, Anthony & Brown, Inc. are hereby ordered to:

- 22 1. Desist and refrain from the further offer or sale of securities including, but not
23 limited to, investment contracts in the form of interests in mortgage pools, unless
24 and until the offers and sales have been duly qualified under the Corporate
25 Securities Law or unless exempt;
- 26 2. Desist and refrain from offering or selling or buying or offering to buy any
27 security in the State of California by means of any written or oral communication
28 which includes an untrue statement of a material fact or omits to state a material fact

1 necessary in order to make the statements made, in the light of the circumstances
2 under which they were made, not misleading; and
3 3. Desist and refrain from conducting business as an investment adviser in the
4 State of California, unless and until granted a certificate by the California
5 Corporations Commissioner under said law or unless exempt.

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

8 Dated: December 8, 2010
9 Los Angeles, California

10 PRESTON DuFAUCHARD
11 California Corporations Commissioner

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13 By _____
14 ALAN S. WEINGER
15 Deputy Commissioner
16 Enforcement Division
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