

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: Robert L. Carver
Brookstone Capital, Inc.
Brookstone Biotech Ventures, L.P.
Brookstone Biotech Ventures II, L.P.
695 Town Center Drive, Ste. 850
Costa Mesa, CA 92626

DESIST AND REFRAIN ORDER
(For violations of section 25110 and 25401 of the Corporations Code)

The California Corporations Commissioner finds that:

1. Brookstone Biotech Ventures, L.P. (“BBV”) and Brookstone Biotech Ventures II, L.P. (“BBVII”) are Delaware Limited Partnerships and at all relevant times have had business addresses located at 3800 Howard Hughes Parkway, Suite 550, Las Vegas, Nevada 89109 and 695 Town Center Drive, Ste. 850, Costa Mesa, CA 92626. Brookstone Capital, Inc. (“Brookstone Capital”) is a Nevada corporation and the General Partner of BBV and BBVII; the primary office address of Brookstone Capital is 695 Town Center Drive, Ste. 850, Costa Mesa, CA 92626. Robert L. Carver is the President, CEO, and principal shareholder of Brookstone Capital.
2. Beginning before February 2006, BBV, BBVII, Brookstone Capital, and Robert L. Carver have offered to sell securities in the form of investment contracts involving interests in limited partnerships.
3. The purported purpose of the solicitation has been to achieve long-term capital appreciation for its partners through investments in the biotechnology and life science industries.

1 4. BBV, BBVII, Brookstone Capital, and Robert L. Carver have engaged in general
2 solicitations to offer these securities for sale to the public by telephone and through the Internet on
3 website www.brookstonebiotech.com.

4 5. These securities were offered in this state in issuer transactions. The Department of
5 Corporations has not issued a permit or other form of qualification authorizing any person or entity to
6 offer and sell these securities in this state.

7 6. In connection with these offers, BBV, BBVII, Brookstone Capital, and Robert L.
8 Carver omitted to disclose material facts, specifically the following:

9 a.) On July 22, 1994 in the Los Angeles County Superior Court Robert L. Carver
10 pled guilty to one felony count of making/passing fictitious checks, and on August 4, 1994 in the
11 Riverside County Superior/Municipal Court Mr. Carver pled no lo contendere to two felony counts of
12 grand theft. For the former conviction he was sentenced to 98 days in the county jail and five years
13 probation and for the later conviction he was sentenced to 180 days in county jail and five years
14 probation as well.

15 b.) On March 21, 1996 the State of California Department of Corporations issued
16 to Robert L. Carver, among others, an Order to desist and refrain from the offer or sale of securities,
17 including but not limited to specific stock, unless qualified or exempt.

18 c.) On September 26, 2005, the State of California Department of Corporations
19 issued an Order barring Robert L. Carver from any position of employment, management or control
20 of any investment adviser, broker-dealer or commodity adviser in the State of California. The Order
21 was based on Mr. Carver's two 1994 felony convictions and the failure to disclose the 1996 Desist
22 and Refrain Order in an application for an Investment Adviser Certificate filed by Brookstone
23 Capital, Inc.

24 d.) On September 26, 2005, the State of California Department of Corporations
25 issued an Order denying application for an investment adviser certificate filed by Brookstone Capital,
26 Inc. The denial Order was based on Robert L. Carver's two 1994 felony convictions and the failure
27 to disclose the 1996 Desist and Refrain Order.

28

1 Based on the forgoing findings, the California Corporations Commissioner is of the opinion
2 that investments offered by BBV, BBVII, Brookstone Capital, and Robert L. Carver constitute
3 securities, which are subject to qualification under the California Corporate Securities Law of 1968,
4 and that these securities have been and are being offered without being qualified, and are not exempt,
5 in violation of Corporations Code section 25110.

6 Pursuant to Corporations Code section 25532, BBV, BBVII, Brookstone Capital, and Robert
7 L. Carver are hereby ordered to desist and refrain from the further offer or sale in the State of
8 California of securities, including but not limited to investment contracts in the form of limited
9 partnerships, unless and until qualification has been made under the law or unless exempt.

10 Based on the forgoing findings, the California Corporations Commissioner is of the further
11 opinion that securities were offered by means of written or oral communications that failed to
12 disclose material facts in violation of 25401 of the Corporations Code.

13 Pursuant to Corporations Code section 25532, BBV, BBVII, Brookstone Capital, and Robert
14 L. Carver are hereby ordered to desist and refrain from offering or selling or buying or offering to
15 buy securities in this state, including but not limited to investment contracts in the form of limited
16 partnerships, by means of any written or oral communication which includes an untrue statement of a
17 material fact or omits to state a material fact necessary in order to make the statements made, in light
18 of the circumstances under which they are made, not misleading.

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

21 Dated: October 31, 2006
22 Los Angeles, California

23 PRESTON DuFAUCHARD
24 California Corporations Commissioner

25 By _____
26 ALAN S. WEINGER
27 Lead Corporations Counsel
28