PRESTON DuFAUCHARD
California Corporations Commissioner
WAYNE STRUMPFER
Deputy Commissioner
ALAN WEINGER
Lead Corporations Counsel
KIRK E. WALLACE (SBN 129953)
Corporations Counsel
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San Francisco, CA 94105
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Attorneys for the State of California,
Department of Corporations

Attorneys for Complainant

BEFORE THE DEPARTMENT OF CORPORATIONS

OF THE STATE OF CALIFORNIA

In the Matter of	) FILE NO. 925-3693
	)
THE CALIFORNIA CORPORATIONS	) ORDER TO DISCONTINUE VIOLATIONS
COMMISSIONER,	) PURSUANT TO CORPORATIONS CODE
	) SECTION 25249
	)
Complainant,	)
v.	)
	)
JOHN D. STEWART, CORNERSTONE	)
EQUITY PARTNERS, LLC	)
Respondents.	)
	)
	)
	)
	)
	)
_____	)

TO: John D. Stewart
       Cornerstone Equity Partners, LLC
       1700 Soscol Avenue, Suite 20
       Napa, CA 94559-2515

The California Corporations Commissioner, Preston DuFauchard ("Commissioner"), finds

that John D. Stewart and Cornerstone Equity Partners, LLC have violated the requirements of the

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ORDER TO DISCONTINUE VIOLATIONS PURSUANT TO CORPORATIONS CODE
SECTION 25249

Corporate Securities Law of 1968 set forth in Corporations Code section 25000 et seq., and the

regulations thereunder found in California Code of Regulations, title 10, section 260.000 et seq.

John D. Stewart and Cornerstone Equity Partners, LLC have violated Corporation Code

provisions required of investment advisers found in Corporation Code section 25235 which prohibits

investment advisers from engaging in any act, practice, or course of business which is fraudulent,

deceptive, or manipulative and California Code of Regulations, title 10, Section 260.238 (k), (1), (2)

and (o) which requires investment advisers to disclose to a client in writing before entering into or

renewing an advisory agreement any conflict of interest relating to the adviser and any fees or

commissions earned by the investment adviser for executing securities transactions on behalf of the

clients account. John D. Stewart and Cornerstone Equity Partners, LLC violated California Code of

Regulations section 260.238(k)(2) as they did not disclose the conflict of interest that arose due to the

additional compensation arrangement with ProAction Sports Medicine Concepts that paid him fees for

placing Cornerstone Equity Partners, LLC's clients investments in ProAction Sports Medicine

Concepts. In addition, they violated 260.238(o) as the failure to disclose the additional compensation

and misrepresenting to Cornerstone Equity Partners, LLC's clients that they were receiving positive

returns on investments in 2004 and 2005 when they knew their investment in ProAction Sports

Medicine Concepts was losing money, constitutes a misrepresentation and omission of a material fact.

This conduct also violated California Corporations Code Section 25235 by employing a common

scheme or artifice to defraud clients and engaging in practices that are fraudulent, deceptive and

manipulative.

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ORDER TO DISCONTINUE VIOLATIONS PURSUANT TO CORPORATIONS CODE
SECTION 25249

1   NOW, BASED UPON THE FOREGOING, AND GOOD CAUSE APPEARING, it is hereby

2   ORDERED under the provisions of Corporations Code section 25249, that John D. Stewart and

3   Cornerstone Equity Partners, LLC immediately discontinue violating Corporation Code section

4   25235 which prohibits investment advisers from engaging in any act, practice, or course of business

5   which is fraudulent, deceptive, or manipulative and California Code of Regulations, title 10, Section

6   260.238 (k), (1), (2) and (o) by failing to disclose conflicts of interest and fee agreements to

7   investment adviser clients.

8   Dated: July 6, 2007
          Los Angeles, California

9   PRESTON DuFAUCHARD
10   California Corporations Commissioner

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12   By: _____
                     ALAN S. WEINGER
13   Lead Corporations Counsel

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