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

TO: David Jerome Edwards
8989 Silverstar Ave.
Desert Hot Springs, CA 92240
or
11665 Laurel Ave.
Loma Linda, CA 92354
or
447 Overleaf Way
San Jacinto, CA 92582

DJ Strategic Business Solutions, Inc.
10800 Hole Avenue
Riverside, CA 92505
or
10600 Hide Street, Suite #18
Riverside, CA 92505

DESIST AND REFRAIN ORDER

(For violations of sections 25110, 25230 and 25401 of the California Corporations Code)

The California Corporations Commissioner finds that:

1. At all relevant times, David Jerome Edwards (“Edwards”) was a natural person and a resident of California.
2. Edwards was formerly employed in the securities industry as a registered representative. Financial Industry Regulatory Authority (“FINRA”) maintains the qualification, employment and disclosure histories of registered representatives and principals in its Central Registration Depository (“CRD”). Edwards’ CRD number is 1455043.
3. In 2000, FINRA’s predecessor agency, the National Association of Securities Dealers (“NASD”) disciplined Edwards for failing to respond to a complaint alleging fraud in the sale of

1 securities. The result of the proceedings was an order permanently barring Edwards from any
2 association with any NASD (now, FINRA) member in any capacity.

3 4. DJ Strategic Business Solutions, Inc. (hereinafter, "the corporation") is a California
4 corporation incorporated on January 28, 2008. At all relevant times, Edwards was the sole control
5 person of the corporation. The corporations' last known business address is 10800 Hole Avenue,
6 Riverside, California, 92505.

7 5. At all relevant times, Edwards was an elder at Mt. Rubidoux Seventh Day Adventist Church.
8 As an elder, Edwards was a member of many committees at the church, putting him in contact with
9 many church members. Notwithstanding the fact that Edwards had been permanently barred from the
10 securities industry, Edwards held himself out as a financial adviser and stockbroker within the church
11 community.

12 6. Edwards position and involvement in the church provided him with the opportunity to discuss
13 financial matters with potential clients and investors who were members of that congregation and to
14 make recommendations to them. At times Edwards advised these potential clients and/or investors to
15 invest with him through the corporation.

16 7. Edwards advised individual church members on financial matters for a fee. For instance, he
17 advised his client investors to sell or cash out other investments, to take out cash advances on their
18 credit cards, and to apply for and access lines of credit from lending institutions in order to enable his
19 client investors to purchase securities that he offered and sold through the corporation. Edwards, in
20 turn, received compensation for that advice, including the benefit of the use of the monies his client
21 investors invested in his securities offering, a fee for managing the lines of credit, and a fee for
22 preparing and processing the applications for the lines of credit.

23 8. Edwards and the corporation sold client investors securities in the form of investment
24 contracts. The investment contracts provided that Edwards and the company would pay the client
25 investors interest (or profit) in the form of a monthly fee to the client investor for the use of the client
26 investor's monies, including monies borrowed from financial institutions in the client investors'
27 names. The client investors understood that Edwards and the corporation would "day trade" the
28 money in the stock market. Because Edwards held himself out as a successful stockbroker (instead of

1 one that had been barred from the industry) the client investors believed that he had the knowledge
2 and skill to make a profit in the market sufficient to pay the promised monthly interest or profit.

3 9. The investment contract also included provisions requiring the client investors to create dba
4 companies, which, using the client investor's good credit rating, would apply for lines of credit with
5 various financial institutions. The investment contract contemplated that at the end of the six-month
6 period, Edwards and the corporation would (1) take over the debt obligations of the client investors
7 and their dba companies and (2) release the client investors from any obligation to pay back the
8 loan(s). In the interim, Edwards and the corporation promised to make all payments on the lines of
9 credit.

10 10. Further, Edwards also accessed client investor monies through credit card advances on credit
11 cards issued in the names of the client investors. Again, Edwards and the corporation promised to
12 service that debt. Edwards even convinced some client investors to give him the monthly credit card
13 bills without opening them, allowing him to take out the maximum cash advance allowed by the
14 credit card companies unbeknownst to the client investors.

15 11. Initially, some client investors may have received some profit on their investment in the form
16 of monthly interest payments or fees, but Edwards and the corporation soon ceased making any
17 payments and, instead, offered a variety of excuses or avoided any contact with his client investors.
18 Moreover, Edwards ceased making payments on the lines of credit and credit card accounts, which
19 were still in his client investors' names. Neither Edwards nor the corporation ever made any effort to
20 take over his client investors' debt obligations that Edwards encouraged them to incur in order to
21 invest in the securities he and the corporation sold.

22 12. Edwards' discretionary investment advice to California investors and receipt of compensation
23 for these investment advisory services occurred during a time he was not licensed as an investment
24 adviser and not exempt from the certification requirement in the Corporate Securities Law.

25 13. Edwards' offers and sales of investment contracts constitute securities. These securities were
26 not qualified under the Corporate Securities Law and are not exempt from the qualification
27 requirement in violation of Corporations Code section 25110.
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1 14. Edwards and the corporation did not disclose to his client investors that he had been
2 permanently barred from association with any NASD (now, FINRA) members after he failed to
3 respond to a complaint of fraud in the offer and sale of securities in 2000.

4 15. Edwards and the corporation did not disclose that neither he nor the corporation possessed an
5 investment adviser certificate from the Department of Corporations or the Securities and Exchange
6 Commission authorizing him to conduct business as an investment adviser in California.

7 16. Edwards and the corporation misrepresented their ability to pay the promised interest.

8 17. Edwards misrepresented the intended use of the invested monies. Edwards did not day trade
9 the invested money on his own behalf, or on behalf of his clients or the corporation, but instead used
10 the money to pay his own personal expenses.

11
12 Based upon the foregoing findings, the California Corporations Commissioner is of the
13 opinion that the activities of David Jerome Edwards and DJ Strategic Business Solutions, Inc.
14 included the offer or sale of securities in California that are subject to qualification under the
15 Corporate Securities Law, without such offers or sales first being qualified or exempt, in violation of
16 Corporations Code section 25110.

17 The California Corporations Commissioner is also of the opinion that such offers and sale of
18 securities in this State were made by means of written or oral communications which included an
19 untrue statement of a material fact or omitted to state a material fact necessary in order to make the
20 statements made, in the light of the circumstances under which they were made, not misleading, in
21 violation of Corporations Code section 25401.

22 Further, the California Corporations Commissioner is of the opinion that David Jerome
23 Edwards and DJ Strategic Business Solutions, Inc. conducted business as an investment adviser in
24 California without having first applied for and secured a certificate, then in effect, from the
25 Commissioner authorizing such activities in violation of section 25230 of the California Corporations
26 Code.

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1 Pursuant to section 25532 of the Corporations Code, David Jerome Edwards and DJ Strategic
2 Business Solutions, Inc. are hereby ordered to:

- 3 1. Desist and refrain from the further offer or sale of securities including, but not limited to,
4 investment contracts, unless and until the offers and sales have been duly qualified under the
5 Corporate Securities Law or unless exempt;
- 6 2. Desist and refrain from offering or selling or buying or offering to buy any security in the
7 State of California by means of any written or oral communication which includes an untrue
8 statement of a material fact or omits to state a material fact necessary in order to make the statements
9 made, in the light of the circumstances under which they were made, not misleading; and
- 10 3. Desist and refrain from conducting business as an investment adviser in the State of
11 California, unless and until granted a certificate by the California Corporations Commissioner under
12 said law or unless exempt.

13
14 This Order is necessary, in the public interest, for the protection of investors and consistent
15 with the purposes, policies and provisions of the Corporate Securities Law of 1968.

16
17 Dated: January 12, 2010
18 Sacramento, California

19 Preston DuFauchard
20 California Corporations Commissioner

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22 By _____
23 Alan S. Weinger
24 Deputy Commissioner
25 Enforcement Division
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