

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

TO: Dollarstore Inc., formerly known as
Dollarstore.com, Inc.
1901 Newport Boulevard
Suite 200
Costa Mesa, CA 92627

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

The California Corporations Commissioner finds that:

1. At all relevant times, Dollarstore, Inc., formerly known as Dollarstore.com, Inc. (“DSI”) was a California corporation. Rex Mehta was the President, Chief Executive Officer and a Director of DSI.
2. Beginning in or about January 1999, DSI hired an organization by the name of Gage Capital Group to offer and sell securities in the form of stock of DSI.
3. Through cold-calling or other means of general solicitation, shares of stock of DSI were offered and sold at either \$1.00 or \$2.50 per share.
4. The purported purpose of the offering was to raise funds to operate retail stores offering the sale of consumer products costing no more than \$1.00.
5. In connection with these offers and sales, Dollarstore, Inc., formerly known as Dollarstore.com, Inc. omitted to state to investors that commissions of at least 25% would be paid to sales agents who offered and sold the investments.

Based upon the foregoing, the California Corporations Commissioner is of the opinion that the securities of Dollarstore, Inc., formerly known as Dollarstore.com, Inc., were offered and sold in this state by means of written or oral communications which included an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in violation of section 25401 of the Corporate Securities Law of 1968. Pursuant to Section 25532 of the Corporate Securities Law of 1968, Dollarstore, Inc., formerly known as Dollarstore.com, Inc is hereby ordered to desist and refrain from offering or selling or buying or offering to buy stock in the State of California, by means of any written or oral communication which includes an untrue statement of a material fact or omits to state a material fact necessary in order to make the

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TO: Dollarstore Inc., formerly known as
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**DESIST AND REFRAIN ORDER
(For violations of section 25110 of the Corporations Code)**

The California Corporations Commissioner finds that:

1. At all relevant times, Dollarstore, Inc., formerly known as Dollarstore.com, Inc. (“DSI”), was a California corporation. Rex Mehta was the President, Chief Executive Officer and a Director of DSI.
2. Beginning in or about January 1999, DSI hired an organization by the name of Gage Capital Group to offer and sell securities in the form of stock of DSI.
3. Through cold-calling or other means of general solicitation, shares of stock of DSI were offered and sold at either \$1.00 or \$2.50 per share.
4. The purported purpose of the offering was to raise funds to operate retail stores offering the sale of consumer products costing no more than \$1.00.
5. These securities were offered and sold in this state in issuer transactions. The Department of Corporations has not issued a permit or other form of qualification authorizing any person to offer and sell these securities in this state.

Based upon the foregoing findings, the California Corporations Commissioner is of the opinion that the stock of DSI is a security subject to qualification under the California Corporate Securities Law of 1968 and is being or has been offered or sold without being qualified. Pursuant to Section 25532 of the Corporate Securities Law of 1968, Dollarstore, Inc., formerly known as Dollarstore.com, Inc., is hereby ordered to desist and refrain from the further offer or sale in the State of California of securities in the form of stock, unless and until qualification has

been made under said law or unless exempt. The sale of such securities is subject to qualification under said law and such securities are being or have been offered for sale without first being so qualified. 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.

Dated: July 17, 2002
Los Angeles, California

DEMETRIOS A. BOUTRIS
California Corporations Commissioner

By _____
ALAN S. WEINGER
Supervising Counsel
Enforcement and Legal Services Division

statements made, in the light of the circumstances under which they were made, not misleading. 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.

Dated: July 17, 2002
Los Angeles, California

DEMETRIOS A. BOUTRIS
California Corporations Commissioner

By _____
ALAN S. WEINGER
Supervising Counsel
Enforcement and Legal Services Division