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

TO: Mr. Carl LaRue Godfrey 365 Stafford Avenue Cardiff, CA 92007	Mr. Carl LaRue Godfrey GTS RESEARCH, INC. 7616 Desert Cactus Circle Las Vegas, NV 89149
GTS RESEARCH, INC. 7616 Desert Cactus Circle Las Vegas, NV 89149	GTS RESEARCH, INC. P.O. Box 4010 Seal Beach, CA 90740

DESIST AND REFRAIN ORDER
(For violation of sections 25110 and 25401 of the Corporations Code)

The California Corporations Commissioner finds that:

1. At all relevant times, Mr. Carl LaRue Godfrey is an individual located in California, residing at 365 Stafford Avenue Cardiff, California. Since 2003, Carl LaRue Godfrey established GTS RESEARCH, INC. incorporated in Nevada, entity number C11539-2003, with its principal place of business in Seal Beach, California and/or in Las Vegas, Nevada. Carl LaRue Godfrey is president and/or chairman of the board of GTS RESEARCH, INC. GTS RESEARCH, INC. claims to be a research and development company and a sole assignee of a patent pending for a new energy source.
2. Beginning in or about October 2005, Carl Godfrey offered or sold securities in GTS RESEARCH, INC. in the State of California. The represented purpose of this offering was to sell interests in GTS RESEARCH, INC. in order to raise capital to produce, manufacture, sell, and license a product known as an "Electromagnetic Motor Employing Multiple Rotors". These securities were offered or sold in issuer transactions.
3. Due to these representations made by Carl LaRue Godfrey and GTS RESEARCH, INC., California investors invested approximately \$150,000 in GTS RESEARCH, INC.
4. Carl Godfrey represented to investors that they could get a profitable return on their investments in GTS RESEARCH, INC. within at least a year.

1 5. Carl Godfrey and/or GTS RESEARCH, INC. made representations to investors regarding the
2 following matters: (1) GTS RESEARCH, INC. and the existence of prototypes; (2) Securing millions
3 of dollars in sales contracts for GTS RESEARCH, INC. products; (3) Securing billions of dollars of
4 income in licensing agreements for GTS RESEARCH, INC. products; (4) Taking GTS RESEARCH,
5 INC. “public”; the viability of patents for GTS RESEARCH, INC. products; and (5) The financial
6 stability of GTS RESEARCH, INC.

7 6. Carl LaRue Godfrey made representations with regard to his personal achievements, special
8 training, educational credentials and accomplishments in an effort to entice persons to invest in GTS
9 RESEARCH, INC.

10 7. Carl LaRue Godfrey failed to disclose his criminal record regarding illegal business practices
11 and various other crimes to investors, which could have deterred an investor from entering into
12 business dealings with Carl LaRue Godfrey.

13 8. The Department of Corporations has not issued a permit or other form of qualification
14 authorizing any person to offer or sell these securities in this state.

15 9. Based upon the foregoing findings, the California Corporations Commissioner is of the
16 opinion that the investment interests sold in GTS RESEARCH, INC. are securities subject to
17 qualification under the California Corporate Securities Law of 1968 and have been offered or sold
18 without being qualified in violation of Corporations Code section 25110. Pursuant to section 25532
19 of the Corporate Securities Law of 1968, Carl LaRue Godfrey and GTS RESEARCH, INC. are
20 hereby ordered to desist and refrain from the further offer or sale of securities in the State of
21 California, including but not limited to investment contracts, unless and until qualification has been
22 made under the law or unless exempt.

23 10. Further, the California Corporations Commissioner is of the opinion that the securities
24 representing investment contracts in GTS RESEARCH, INC. were offered or sold in this State by
25 means of written or oral communications which included an untrue statement(s) of a material fact(s)
26 or omitted to state a material fact(s) necessary in order to make the statement(s) made, in the light of
27 the circumstances under which they were made, not misleading, in violation of section 25401 of the
28 Corporate Securities Law of 1968. Pursuant to section 25532 of the Corporate Securities Law of

1 1968, Carl LaRue Godfrey and GTS RESEARCH, INC. are hereby ordered to desist and refrain from
2 offering or selling or buying or offering to buy any security in the State of California, including but
3 not limited to investment contracts, by means of any written or oral communication(s) which include
4 untrue statement(s) of material fact(s) or omits to state a material fact(s) necessary in order to make
5 the statements made, in the light of circumstances under which they were made, not misleading.

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7 The California Corporations Commissioner finds that this Order is necessary or appropriate in
8 the public interest or for the protection of investors and consistent with the purposes fairly intended
9 by the policy and provisions of this law.

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11 Dated: August 15, 2007
12 Sacramento, California

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14 PRESTON DuFAUCHARD
California Corporations Commissioner

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16 By: _____
17 SHARON A. LUERAS
18 Lead Counsel
19 Enforcement Division
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