

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: Paul A. Hare, President
Stanley G. Cobbold, Vice President and Secretary
Buck Wise, Inc.
6740 Top Gun Street
San Diego, California 92121

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

The California Corporations Commissioner finds that:

1. At all relevant times, Paul A Hare was the President of Buck Wise, Inc., an active Delaware corporation (hereinafter, "Buck Wise").
2. At all relevant times, Stanley G. Cobbold was the Vice President and Secretary of Buck Wise.
3. Beginning in or about December 1999, Hare, Cobbold and Buck Wise offered and/or sold securities in the form of shares of common stock of Buck Wise to Austin-Steele, LLC, a California limited liability company, and Austin Hospitality, Inc., a Delaware corporation (hereinafter referred to collectively as "Austin"). To resolve a dispute involving Buck Wise's sale of two pawnshops to Austin, Buck Wise transferred to Austin 250,000 shares of Buck Wise stock in exchange for Austin's release of all claims against Buck Wise in connection with the purchase and sale of the pawnshops.

1 Buck Wise represented that the stock was worth \$2.00 per share for a total value of at least \$500,000,
2 a value which the parties by agreement assigned to Austin's legal claims.

3
4 4. These securities were offered and/or sold in this state in an issuer transaction. The
5 Department of Corporations has not issued a permit or other form of qualification authorizing any
6 person to offer and sell these securities in this state.

7
8 5. In connection with these offers and sales, Hare, Cobbold and Buck Wise represented to
9 investors that:

10 a. Buck Wise was financially solvent, when, in fact, Buck Wise was losing money in its
11 business operations. In the year ending December 31, 1998, Buck Wise had a net loss of \$1,138,929.

12 b. Hare and Cobbold were paid flat salaries as officers of Buck Wise. However, Buck
13 Wise also paid "consultant fees" of \$588,371 to a United Kingdom company owned by Hare.

14 c. Buck Wise owned the commercial building on Top Gun Street in San Diego in which
15 Buck Wise maintained its main offices. The building was, and still is, actually owned by Hare
16 individually, and Buck Wise leased its offices from Hare.

17 d. Audited financial information related to Buck Wise's business operations would be
18 provided to Austin on a regular basis. Hare, Cobbold, and Buck Wise failed and refused to provide
19 the information to Austin, despite repeated requests.

20 e. An initial public offering of Buck Wise stock was "imminent." The offering price
21 would be \$5 to \$7 per share. However, no public offering of Buck Wise stock was ever made, and
22 the stock never sold for more than \$2.00 per share.

23 f. Buck Wise common stock was worth at least \$2 per share at the time the parties
24 entered into the agreement. In fact, the common stock of Buck Wise was actually worth between
25 \$1.15 and \$2.00 per share.

26
27 Based upon the foregoing findings, the California Corporations Commissioner is of the
28 opinion that the common stock of Buck Wise is a security subject to qualification under the

1 California Corporate Securities Law of 1968 and is being or has been offered or sold without being
2 qualified in violation of Corporations Code section 25110. Pursuant to section 25532 of the
3 Corporate Securities Law of 1968, Paul A. Hare, Stanley G. Cobbold, and Buck Wise are hereby
4 ordered to desist and refrain from the further offer or sale in the State of California of securities in the
5 form of common stock in Buck Wise, unless and until qualification has been made under the law.
6 This Order is necessary, in the public interest, for the protection of investors and consistent with the
7 purposes, policies, and provisions of the Corporate Securities Law of 1968.

8
9 Further, the California Corporations Commissioner is of the opinion that the securities of
10 Buck Wise were offered or sold in this state by means of written or oral communications which
11 included an untrue statement of a material fact, in violation of section 25401 of the Corporate
12 Securities Law of 1968. Pursuant to section 25532 of the Corporate Securities Law of 1968, Paul A
13 Hare, Stanley G. Cobbold, and Buck Wise are hereby ordered to desist and refrain from offering or
14 selling or buying or offering to buy any security in the State of California, including but not limited to
15 common stock in buck Wise, by means of any written or oral communication which includes an
16 untrue statement of a material fact or omits to state a material fact necessary in order to make the
17 statements made, in the light of the circumstances under which they were made, not misleading. This
18 Order is necessary, in the public interest, for the protection of investors and consistent with the
19 purposes, policies, and provisions of the Corporate Securities Law of 1968.

20
21 Dated: April 14, 2003
22 Sacramento, California

23 WILLIAM P. WOOD
24 California Corporations Commissioner

25 By: _____
26 VIRGINIA JO DUNLAP
27 Deputy Commissioner
28 Enforcement and Legal Services