

1 STATE OF CALIFORNIA
2 BUSINESS, TRANSPORTATION AND HOUSING AGENCY
3 DEPARTMENT OF CORPORATIONS

4 TO: Gwendolyn Hughes
5 GWV Investments International, a.k.a
6 G&V Investments International
7 GWA/Beverly Hills Banking System
8 468 N. Camden Drive, Ste. 312
9 Beverly Hills, CA 90210

10 DESIST AND REFRAIN ORDER

11 (For violations of sections 25110 and 25401 of the Corporations Code)

12 The California Corporations Commissioner finds that:

13 1. At all relevant times herein, GWV Investments International, a.k.a. G&V Investments
14 International (“GWV”) and GWA/Beverly Hills Banking System (“GWA”) were located at 468 N.
15 Camden Drive, Ste. 312, Beverly Hills, California 90210. Gwendolyn Hughes (“Hughes”) was the
16 founder and CEO of GWV and GWA, acting as an authorized agent of Phoebus Smith’s Mr. V & S
17 Investments and Antelope Valley Banking System (“AVBS”).

18 2. Beginning in late 2002 and continuing through at least March 2003, Hughes offered
19 and/or sold securities in the form of investment contracts comprised of memberships through fliers,
20 live presentations and one-on-one meetings, raising funds from investors, including numerous
21 investors from the Filipino-American community in the Orange County area.

22 3. Documents provided to unsophisticated investors by Hughes, replete with religious
23 references and biblical quotes, state that GWA is a private banking and investment company. GWV
24 is a private investment company for GWA members only.

25 4. GWA members signed an agreement to participate in GWV, which stated the investor
26 would receive a 25% to 100% return on their investment in 60 to 365 days and their full initial
27 investment amount within 10 business days after the payment due date upon request in the event of a
28 0% return at the end of the payment period.

1 5. In connection with the offer and sale of these securities, Hughes, GWV and GWA
2 made, or caused to be made, misrepresentations of material fact or omitted to state material facts
3 necessary in order to make the statements made, in the light of the circumstances under which they
4 were made, not misleading. These misrepresentations and omissions included, but are not limited to
5 the following:

6 a. GWA members would be eligible to participate in a private investment group,
7 GWV, and would receive a 25% to 100% return on their investment in 60 to 365 days depending on
8 the initial investment amount;

9 b. Investors were told that GWA and GWV have a 100% initial investment
10 money-back guarantee in the event of a 0% return at the end of the payment period;

11 c. Investors were told that this investment was risk free;

12 d. Investors were not told that they were investing in a ponzi scheme and that any
13 returns received on their investment money came from other investor money and not from any
14 investment returns; and

15 f. Investors were not told that Hughes, Phoebus Smith and other commissioned
16 agents were not licensed to solicit investments in GWV and GWA.

17 Based on the foregoing findings, the California Corporations Commissioner is of the opinion
18 that the securities in the form of investment contracts issued by Hughes, GWV and GWA are
19 securities subject to qualification under the California Corporate Securities Law of 1968 and are
20 being or have been offered or sold without being qualified, in violation of Section 25110 of the
21 Corporate Securities Law of 1968.

22 Pursuant to Section 25532 of the Corporate Securities Law of 1968, Hughes, GWV and GWA
23 are hereby ordered to desist and refrain from the further offer or sale in the State of California of
24 securities in the form of investment contracts unless and until qualification has been made under said
25 law or unless exempt. The sale of such securities is subject to qualification under said law and such
26 securities are being or have been offered for sale without first being so qualified.

27 Further, the California Corporations Commissioner is of the opinion that the securities issued
28 by Hughes, GWV and GWA were offered and sold in this state by means of written or oral

1 communications which included untrue statements of material fact or omitted to state material facts
2 necessary in order to make the statements made, in the light of the circumstances under which they
3 were made, not misleading, in violation of section 25401 of the Corporate Securities Law of 1968.

4 Pursuant to Section 25532 of the Corporate Securities Law of 1968, Hughes, GWV and GWA
5 are hereby ordered to desist and refrain from offering or selling or buying or offering to buy any
6 security in the State of California, including but not limited to, investment contracts, by means of
7 any written or oral communication which includes an untrue statement of a material fact or omits to
8 state a material fact necessary in order to make the statements made, in the light of the circumstances
9 under which they were made, not misleading.

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

12 Dated: March 8, 2005
13 Los Angeles, California

14 WILLIAM P. WOOD
15 California Corporations Commissioner

16 By _____
17 ALAN S. WEINGER
18 Supervising Counsel
19 Enforcement Division
20
21
22
23
24
25
26
27
28