

1 WAYNE STRUMPFER  
Acting California Corporations Commissioner  
2 ALAN S. WEINGER (CA BAR NO. 86717)  
Acting Deputy Commissioner  
3 EDWARD KELLY SHINNICK (CA Bar No. 96209)  
Corporations Counsel  
4 71 Stevenson Street, Ste. 2100  
5 San Francisco, CA 94105-2908  
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Attorneys for Complainant

8  
9 BEFORE THE DEPARTMENT OF CORPORATIONS  
10 OF THE STATE OF CALIFORNIA

11 In the Matter of ) CASE NO.  
12 )  
13 THE CALIFORNIA CORPORATIONS ) FILE NO. 7187  
14 COMMISSIONER, )  
15 Complainant, ) **ORDER REVOKING INTRA-NETWORK**  
16 v. ) **SECURITIES, INC.'s BROKER-DEALER**  
17 INTRA-NETWORK SECURITIES, INC., ) **CERTIFICATE PURSUANT TO**  
18 Respondent. ) **CORPORATIONS CODE SECTION 25212**  
19 )  
20 )  
21 )

22 TO: Dennis Pearson and Richard Simpson  
23 Intra-Network Securities, Inc.  
24 16709 San Dieguito Road, Suite A-2  
25 Rancho Santa Fe, CA 92067

26 1. On January 30, 2006 the California Corporations Commissioner brought an  
27 action to revoke Intra-Network Securities, Inc.'s Broker Dealer Certificate pursuant to California  
28 Corporations Code ("CC") section 25212. Intra-Network Securities, Inc. holds a valid and previously

1 unrevoked broker-dealer certificate issued by the Commissioner pursuant to Corporations Code  
2 section 25211 on March 7, 1997. Intra-Network Securities, Inc. is in the broker-dealer business and  
3 is located at 16709 San Dieguito Road, Rancho Santa Fe, CA 92067, Dennis Pearson is the owner  
4 and Chief Executive Officer and Richard Simpson is the principal and Chief Operation Officer. The  
5 Commissioner did not receive a request for a hearing in this matter and the time to make a request  
6 has expired.

8           2.       On or about December 6, 2002, Intra-Network Securities, Inc. and Dennis Pearson  
9 executed a Letter of Acceptance, Waiver and Consent (“AWC”) issued by the National Association  
10 of Securities Dealers (“NASD”) for engaging in fraudulent securities solicitation and sales practices.  
11 Per the AWC Intra-Network Securities Inc. and Pearson were suspended from all broker dealer  
12 activities for 7 months, ordered to make offers of rescission to investors, and penalized \$30,000 to be  
13 paid by installments. On December 13, 2004 the NASD expelled Intra-Network Securities, Inc. and  
14 Dennis Pearson from NASD membership for failure to pay the penalties and costs.

15           3.       On January 15, 2002 Hoaison Green and Hai Weeks of Seattle, Washington, filed a  
16 Complaint, action number CV 02 0143, in the Federal District Court, Western District of  
17 Washington, against Intra-Network Securities, Inc. its principal Richard Simpson, and others  
18 alleging securities fraud and misrepresentation. On June 16, 2003 Richard Simpson on behalf of  
19 Intra-Network Securities, Inc. entered into a settlement agreement providing that Intra-Network  
20 Securities, Inc. would pay the plaintiffs a certain total sum through periodic installment payments  
21 and agreeing that an executed stipulated judgment could be filed if timely installment payments were  
22 not made. When only one installment payment was made, the action was reopened and the  
23 stipulated judgment was filed. On July 23, 2004 the court entered Judgment against Richard and  
24 Jane Doe Simpson and Intra-Network Securities, Inc. in the amount of \$87,745.20. That judgment  
25 amount remains unpaid to date.

26           4.       Intra-Network Securities, Inc. engaged in a general solicitation to offer and sell  
27 securities, specifically promissory notes issued by Deltacom Networks, Inc., by means of unsolicited  
28 telephone calls to investors. These securities were offered and sold in non-issuer transactions. The

1 Department of Corporations has not issued any qualification authorizing the offer and sale of these  
2 securities in this state and there is no available exemption.

3  
4 5. California Corporations Code section 25212 provides that a Commissioner may revoke a  
5 broker-dealer certificate if it is in the public interest and the broker-dealer or one or more of its  
6 officers or controlling persons: 1) has been held liable in a civil action by final judgment of a court  
7 based upon conduct showing moral turpitude, and the Commissioner finds that that civil action  
8 involved the purchase or sale of a security and arose out of the conduct of the business of the broker-  
9 dealer; 2) is or has been subject to an order of a national securities association (registered under the  
10 Securities Exchange Act of 1934) suspending or expelling that person from membership in the  
11 association; and/or 3) has willfully violated provisions of the Securities Act of 1933 and the  
12 Securities Exchange Act of 1934, Title 4 (commencing with Section 25000).

13  
14 6. The Commissioner finds that each of the above enumerated matters provide an  
15 independent basis under California Corporations Code section 25212, justifying the issuance of an  
16 Order revoking Intra-Network Securities, Inc.'s broker-dealer certificate. Intra-Network Securities,  
17 Inc., as a licensee, was obligated to have knowledge of, and to comply with, the provisions of the  
18 Corporations Code to maintain its broker-dealer certificate.

19  
20 Based upon the foregoing, the Commissioner finds it is in the public interest to revoke the  
21 broker dealer certificate of Respondent Intra-Network Securities, Inc. NOW THEREFORE, GOOD  
22 CAUSE SHOWING, and pursuant to Corporations Code sections 25212, subdivisions (b), (d) and  
23 (e), and 25215, it is hereby ordered that Respondent Intra-Network Securities, Inc.'s broker dealer  
24 certificate is revoked. This order is effective immediately.

25 Dated: June 5, 2006

WAYNE STRUMPFER  
Acting California Corporations Commissioner

27 By: \_\_\_\_\_  
ALAN S. WEINGER  
Acting Deputy Commissioner

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16 v. ) **ORDER REVOKING INTRA-NETWORK**  
17 INTRA-NETWORK SECURITIES, INC., ) **SECURITIES, INC.'s BROKER-DEALER**  
18 Respondent. ) **CERTIFICATE PURSUANT TO**  
19 ) **CORPORATIONS CODE SECTION 25212**  
20 )  
21 )

22 WAYNE STRUMPFER, the acting California Corporations Commissioner  
23 ("Commissioner") of the Department of Corporations ("Department") alleges and charges as follows:

24 **I. JURISDICTION AND VENUE**

25 The Commissioner brings this action pursuant to California Corporations Code ("CC")  
26 section 25212. The Commissioner is authorized to administer and enforce the provisions of the  
27 Corporate Securities Law of 1968, Corporations Code sections 25000 et seq. ("CSL").  
28

## II. STATEMENT OF FACTS

1  
2 1. Intra-Network Securities, Inc. is in the broker-dealer business and is located at 16709  
3 San Dieguito Road, Rancho Santa Fe, CA 92067, Dennis Pearson is the owner and Chief Executive  
4 Officer and Richard Simpson is the principal and Chief Operation Officer. Intra-Network Securities,  
5 Inc. holds a valid and previously unrevoked broker-dealer certificate issued by the Commissioner  
6 pursuant to Corporations Code section 25211 on March 7, 1997.

8 2. On or about December 6, 2002, Intra-Network Securities, Inc. and Dennis Pearson  
9 executed a Letter of Acceptance, Waiver and Consent (“AWC”) issued by the National Association  
10 of Securities Dealers (“NASD”) for engaging in fraudulent securities solicitation and sales practices.  
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14 Dennis Pearson from NASD membership for failure to pay the penalties and costs.

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18 alleging securities fraud and misrepresentation. On June 16, 2003 Richard Simpson on behalf of  
19 Intra-Network Securities, Inc. entered into a settlement agreement providing that Intra-Network  
20 Securities, Inc. would pay the plaintiffs a certain total sum through periodic installment payments  
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22 not made. When only one installment payment was made, the action was reopened and the  
23 stipulated judgment was filed. On July 23, 2004 the court entered Judgment against Richard and  
24 Jane Doe Simpson and Intra-Network Securities, Inc. in the amount of \$87,745.20. That judgment  
25 amount remains unpaid to date.

26 4. Intra-Network Securities, Inc. engaged in a general solicitation to offer and sell  
27 securities, specifically promissory notes issued by Deltacom Networks, Inc., by means of unsolicited  
28 telephone calls to investors. These securities were offered and sold in non-issuer transactions. The

1 Department of Corporations has not issued any qualification authorizing the offer and sale of these  
2 securities in this state and there is no available exemption.

3 **III. LEGAL AUTHORITY FOR THE REVOCATION OF**  
4 **RESPONDENT’S BROKER-DEALER LICENSE**

5 5. Corporations Code section 25212 provides, in pertinent part:

6 The commissioner may, after appropriate notice and opportunity for hearing, by order  
7 censure, deny a certificate to, suspend for a period not exceeding 12 months or revoke  
8 the certificate of, any broker-dealer if the commissioner finds that the censure, denial,  
9 suspension, or revocation is in the public interest and that the broker-dealer, whether  
10 prior or subsequent to becoming a broker-dealer, or any partner, officer, director, or  
11 branch manager of the broker-dealer, whether prior or subsequent to becoming  
12 associated with the broker-dealer, or any person directly or indirectly controlling the  
13 broker dealer, whether prior or subsequent to becoming such, or any agent employed by  
14 the broker-dealer while so employed has done any of the following: . . .

15 (b) Has been either (1) convicted of or has pled nolo contendere to a felony or  
16 misdemeanor, or (2) held liable in a civil action by final judgment of a court based upon  
17 conduct showing moral turpitude, and the commissioner finds that the felony,  
18 misdemeanor, or civil action (A) involved the purchase or sale of a security, (B) arose  
19 out of the conduct of the business of a broker-dealer or investment adviser, (C)  
20 involved theft, or (D) involved the violation of Section 1341, 1342, or 1343 Title 18 of  
21 the United States Code....

22 (d) Is or has been subject to...(2) any order of any national securities association or  
23 national securities exchange (registered under the Securities Exchange Act of 1934)  
24 suspending or expelling that person from membership in the association or exchange or  
25 from association with any member thereof....

26 (e) Has willfully violated any provision of the Securities Act of 1933, the Securities  
27 Exchange Act of 1934, the Investment Advisers Act of 1940, the Commodity Exchange  
28 Act, or Title 4 (commencing with Section 25000)...or any rule or regulation under any  
of those statutes, or any order of the commissioner which is or has been necessary for  
the protection of any investor.”

6. Corporations Code Section 25130 provides as follows:

“It is unlawful for any person to offer or sell any security in this state in any non-issuer  
transaction unless it is qualified for such under this chapter or under 25111 or 25113 of  
Chapter 2 (commencing with Section 25110) of this part ...or unless such security or  
transaction is exempted or not subject to qualification under Chapter 1 (commencing  
with Section 25100) of this part.”

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7. Corporations Code section 25215 provides:

No order may be entered under Section 25212, 25213, 25213.3 or 25252 except after notice to the person affected thereby (and, in the case of an agent, to his or her employer or prospective employer if known to the commissioner) of the intention of the commissioner to enter that order and of the reasons therefor and that upon receipt of a request the matter will be set down for hearing to commence within 15 business days after that receipt unless the person affected consents to a later date. If no hearing is requested within 30 days after the mailing of the notice and none is ordered by the commissioner, the order may be entered without hearing to remain in effect until it is modified or vacated by the commissioner....

If a hearing is requested or ordered, it shall be held in accordance with the provisions of the Administrative Procedure Act (Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code), and the commissioner shall have all of the powers granted thereunder.

8. The foregoing reasons are grounds under California Corporations Code section 25212, justifying the issuance of an Order revoking Intra-Network Securities, Inc.'s broker-dealer certificate. Intra-Network Securities, Inc., as a licensee, was obligated to have knowledge of, and to comply with, the provisions of the Corporations Code to maintain its broker-dealer certificate.

9. Therefore, pursuant to Corporations Code section 25212, the Commissioner intends to issue an Order revoking Intra-Network Securities, Inc.'s broker-dealer certificate.

**IV. RELIEF REQUESTED**

WHEREFORE, good cause showing, and pursuant to Corporations Code section 25212, the California Corporations Commissioner hereby finds that it is in the public interest to revoke Intra-Network Securities, Inc.'s broker-dealer certificate, and hereby notifies Intra-Network Securities, Inc. of its intention to make final the Order revoking Intra-Network Securities, Inc.'s broker-dealer certificate.

Dated: January 30, 2006  
San Francisco, California

WAYNE STRUMPFER  
Acting California Corporations Commissioner

By: \_\_\_\_\_  
Edward Kelly Shinnick  
Corporations Counsel  
Enforcement Division