

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 Lance Kelly, Jr. aka Lance Kelly
3 Embarcadero Center, Suite 1180
San Francisco, California 94111
and
15260 Ventura Boulevard, Suite 2100
Sherman Oaks, California 91403

DESIST AND REFRAIN ORDER
(For violation of section 25110 of the Corporations Code)

The California Corporations Commissioner finds that:

1. Beginning on or about May 1, 2009, Paul Lance Kelly, Jr., also known as Lance Kelly (hereinafter referred to as “Lance Kelly”) was the chief executive officer (“CEO”) of Eplay, LLC a Delaware corporation registered to do business in the State of California, which listed its address with the California Secretary of State as 15260 Ventura Boulevard, Suite 2100, Sherman Oaks, California 91403. Eplay, LLC operated an Internet website which contained news on celebrities and pop culture and allowed members to play games, including predicting future celebrity news events. Its primary business operations were located at 3 Embarcadero Center, Suite 1180, San Francisco, California 94111. Eplay, LLC, and its managing member Michael Gamboa are defendants in a civil action filed by the California Department of Corporations. The complaint and orders issued in that action can be viewed at the Department’s Website at www.corp.ca.gov/ENF/list/m/MPG.asp. Lance Kelly is not named as a defendant in that action and is not alleged to have participated in the conduct described in the civil complaint in that action.

2. In or about 2009, Lance Kelly offered and sold “Promissory Notes” issued by Eplay, LLC (“Eplay Promissory Notes”) to members of the public. The terms of the Eplay Promissory Notes typically required that the investor agreed to lend money to Eplay, LLC for short terms of 30-90 days in exchange for high interest rates, sometimes exceeding 10% interest per month. It was represented

1 to investors by Lance Kelly that money from the promissory notes was a form of “bridge loan” used
2 to fund Eplay operations in the short run until the next round of major financing for Eplay, LLC was
3 scheduled to occur in the near future. While one early purchaser of the Eplay Promissory Notes
4 received full payment of principal and interest due, later purchasers of Eplay Promissory Notes
5 received no return of interest or principal when Eplay, LLC was unable to pay the notes.

6 3. The California Department of Corporations has not issued any permit, license or other form
7 of authorization, approval or qualification to allow any person or entity to offer and sell securities in
8 the form of promissory notes issued by Eplay, LLC.

9 Based upon the foregoing findings, the California Corporations Commissioner is of the
10 opinion that the Eplay Promissory Notes offered and sold by Lance Kelly to California residents
11 constitute securities, which are subject to qualification under the California Corporate Securities Law
12 of 1968, and that these securities have been offered and sold without being qualified or exempt.

13 Pursuant to Corporations Code section 25532, Paul Lance Kelly, Jr., also known as Lance
14 Kelly, is hereby ordered to desist and refrain from the further offer or sale of securities in the State of
15 California, including but not limited to promissory notes unless and until qualification has been made
16 under the California Corporate Securities Law or unless exempt.

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

19 Dated: December 8, 2010
20 Los Angeles, California

21 PRESTON DuFAUCHARD
22 California Corporations Commissioner

23 By _____
24 ALAN S. WEINGER
25 Deputy Commissioner
26 Enforcement Division
27
28