

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

TO: Kevin L. Lawrence, CEO  
Health Maintenance Centers, Inc.  
175 Parfitt Way SW #N200  
Bainbridge Island, WA 98110

**DESIST AND REFRAIN ORDER**

The California Corporations Commissioner finds that:

1. Kevin L. Lawrence, a resident of the State of Washington, was the CEO, president and founder of Health Maintenance Centers, Inc. ("HMC"), a Washington corporation formed in May 1995. From 1997 through at least March 2001, HMC and Lawrence, through their employees and agents, sold stock of HMC to over 1100 investors in 24 states, raising as much as \$9,000,000. The stock price was \$1 per share; the minimum purchase was \$5,000. Residents of California were among the investors who purchased the HMC shares.

2. In offering the stock, investors were told that HMC would develop health and fitness centers. Further, investors were told that they would be able to exchange their HMC shares for those of another company, Znetix, which was soon to be a publicly listed company. Znetix, a Washington corporation formed in November 1999, also was controlled by Lawrence.

3. In April 2001, the Securities Division of the State of Washington issued a Summary Cease and Desist Order against Kevin L. Lawrence and HMC. The order found that Lawrence and HMC had failed to disclose material facts to potential investors, such as, how the investors' funds were to be used and the risks of the investments.

4. The Department of Corporation has not issued a permit or other form of qualification authorizing any person to offer and sell stock of HMC in this state. The securities offered and sold were not exempt from the qualification requirement under Section 25110 of the California Corporate Securities Law of 1968.

Based upon the foregoing findings, the California Corporations Commissioner is of the opinion that the stock of HMC is a security subject to qualification under the California Corporate Securities Law of 1968 and is being or has been offered or sold without being qualified. Pursuant to Section 25532 of the California Corporate Securities Law of 1968, Kevin L. Lawrence and HMC are hereby ordered to desist and refrain from the further offer or sale in the State of California of securities in the form of stock, unless and until qualification has been made under said law or unless exempt. This Order is necessary, in the public interest, for the protection of investors and consistent with the purposes, policies and provisions of the Corporate Securities Law of 1968.

Dated: December 6, 2002  
Los Angeles, California

DEMETRIOS A. BOUTRIS  
California Corporations Commissioner

By \_\_\_\_\_  
ALAN S. WEINGER  
Supervising Counsel  
Enforcement and Legal Services Division