

**STATE OF CALIFORNIA
BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
DEPARTMENT OF BUSINESS OVERSIGHT**

TO: Patrick Brian McGee
5236 Honey Rock Court
Oroville, California 95966

DESIST AND REFRAIN ORDER

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

The Commissioner of Business Oversight finds that:

1. Patrick Brian McGee (McGee) is an individual whose principal place of business at all relevant times was 5236 Honey Rock Court, Oroville, California 95966. McGee advertised on the internet website, LinkedIn.com, that he is an "Investment Banker/Real Estate/Loan Consultant". McGee maintained an online presence and represented himself to be a loan officer with an email address of Patrick@cashflows4u.com.

2. Beginning in 2011, a California resident contacted McGee who offered and sold securities in the form of promissory notes in KAT Properties.

3. The purported purpose of the offering was to raise funds for the redevelopment of retail property and a hotel in Oklahoma.

4. McGee told investors that : (1) they could expect returns of 12% per year; (2) they would improve their credit rating; (3) the investment was so safe that McGee had invested his own mother's funds into the same investment; and (4) there was a "guaranteed" return.

5. Based on the representations made by McGee, at least one California resident invested funds in the amount of \$100,000.00 and was provided a promissory note dated on August 15, 2011. The promissory note promised an interest rate of 12% for a loan term of twenty-four months.

6. These securities were offered or sold in this state in issuer transactions. The Department of Business Oversight has not issued a permit or other form of qualification authorizing any person to offer and sell these securities in this state.

7. In connection with the offer of these securities, McGee made or caused to be made, misrepresentations of material facts, or omitted to state material facts, necessary in order to make the

1 statements made, in light of the circumstances under which they were made, not misleading. These
2 representations were as follows:

3 i. McGee failed to disclose that he was not a licensed to originate loans as he
4 represented to investors;

5 ii. McGee failed to disclose that he filed for a Chapter 7 Bankruptcy in 1996 and
6 a Chapter 7 Bankruptcy in 2009;

7 iii. McGee failed to disclose that his real estate license was revoked by the
8 California Bureau of Real Estate in 2011 as a result of his involvement in a loan modification
9 business and violations of the Business and Professions Code and associated regulations.

10 Based on the foregoing, the Commissioner is of the opinion that the promissory notes in KAT
11 Properties are securities subject to qualification under the Corporate Securities Law of 1968 (Corp.
12 Code, § 25000 et seq.) (Corporations Code), and was offered without being qualified, in violation of
13 section 25110 of the Corporations Code. Further, pursuant to section 25403 of the Corporations
14 Code, any person who controls or induces another person to violate a provision of the Corporate
15 Securities Law of 1968, or any person who provides substantial assistance to another person in the
16 violation of the Corporate Securities Law of 1968, shall be liable for the violation.

17 Pursuant to Corporations Code section 25532, Patrick Andrew McGee is hereby ordered to
18 desist and refrain from the further offer or sale in the State of California of securities, unless and until
19 qualification has been made under the Corporate Securities Law or unless exempt.

20 The Commissioner is of the further opinion that the securities in the form of promissory notes
21 in KAT Properties were offered for sale in this state by means of written and oral communications,
22 which include untrue statements or omissions of material facts, in violation of 25401 of the Corporate
23 Securities Law of 1968.

24 Pursuant to Corporations Code section 25532, Patrick Andrew McGee is hereby further
25 ordered to desist and refrain from the further offer or sale in the State of California of securities, by
26 means of any written or oral communication which includes untrue statements or omissions of
27 material facts.

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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: July 5, 2018
Sacramento, California

JAN LYNN OWEN
Commissioner of Business Oversight

By: _____
MARY ANN SMITH
Deputy Commissioner