

1 PRESTON DuFAUCHARD
California Corporations Commissioner
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Deputy Commissioner
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7 BEFORE THE DEPARTMENT OF CORPORATIONS
8 OF THE STATE OF CALIFORNIA
9

10 In the Matter of THE CALIFORNIA) FILE NO. ALPHA
CORPORATIONS COMMISSIONER,)
11)
Complainant,) STIPULATION TO AMENDED DESIST AND
12) REFRAIN ORDER THAT MCKAY
FINANCIAL CORP. AND GREGORY
13 vs.) MCKAY DESIST AND REFRAIN FROM
MCKAY FINANCIAL CORP. AND) MISREPRESENTING OR OMITTING
14 GREGORY MCKAY,) MATERIAL FACTS IN CONNECTION WITH
15) THE OFFER AND SALE OF SECURITIES IN
Respondents.) VIOLATION OF CORPORATIONS CODE
16) SECTION 25401
17)
18)
19)
20)
21)
22)
23)

24 IT IS HEREBY STIPULATED BY AND BETWEEN RESPONDENTS GREGORY
25 MCKAY AND MCKAY FINANCIAL CORP. (“RESPONDENTS”), AND PRESTON
26 DuFAUCHARD, THE CALIFORNIA CORPORATIONS COMMISSIONER (COMMISSIONER),
27 AS FOLLOWS:

28 WHEREAS, on November 18, 2008, the COMMISSIONER issued a Desist and Refrain
Order (“ORIGINAL ORDER”) against RESPONDENTS for the misrepresentation and omission of

1 material facts in connection with the offer and sale of securities that were in the opinion of the
2 COMMISSIONER in violation of Corporations Code section 25401. Attached hereto as **Exhibit A**
3 and incorporated by reference is a true and correct copy of the ORIGINAL ORDER dated November
4 18, 2008.

5 On June 12, 2009, pursuant to this Stipulation, the COMMISSIONER issued an Amended
6 Desist and Refrain Order (“AMENDED ORDER”) pertaining to RESPONDENTS. Attached hereto
7 as **Exhibit B** and incorporated by reference is a true and correct copy of the AMENDED ORDER
8 dated June 12, 2009. The AMENDED ORDER removes the following misrepresentations/omissions
9 from the ORIGINAL ORDER: 1) Gregory McKay and McKay Financial misrepresented to investors
10 that a license was not needed to trade securities for their accounts; and 2) Investors were not told that
11 Gregory McKay was charged and convicted of Grand Theft although it was expunged pursuant to
12 Penal Code section 1203.4.

13 WHEREAS, RESPONDENTS seek to resolve the concerns of the COMMISSIONER by
14 entering into this Stipulation regarding the Desist and Refrain Orders.

15 NOW, THEREFORE, the parties hereby stipulate and agree as follows:

16 1. RESPONDENTS hereby acknowledge that the COMMISSIONER is ready, willing
17 and able to grant a hearing in relation to the above mentioned Orders, which RESPONDENTS have
18 a right to; RESPONDENTS hereby voluntarily waive their right to a hearing in relation to the
19 AMENDED ORDER for violations of Corporations Code section 25401, by misrepresenting and/or
20 omitting material facts in connection with the offer and sale of securities by failing to disclose that
21 Gregory McKay would use investor money for his own personal use;

22 2. In return, the COMMISSIONER amends the ORIGINAL ORDER dated November
23 18, 2008;

24 3. RESPONDENTS acknowledge that pursuant to Corporations Code section 25255,
25 remedies for violations of the California Corporate Securities Law of 1968 (“CSL”) (Corporations
26 Code section 25000, et seq.) are not exclusive and may be sought and employed in any combination
27 to enforce that law. Therefore, it is further stipulated that this agreement does not preclude the
28 COMMISSIONER from seeking additional remedies against RESPONDENTS for violating the

1 AMENDED ORDER or any law under the COMMISSIONER'S jurisdiction not related to this
2 investigation. These remedies include, but are not limited to, administrative actions, civil injunctive
3 and ancillary relief and making a criminal referral pursuant to California law;

4 4. RESPONDENTS acknowledge that nothing in this Stipulation shall preclude the
5 COMMISSIONER, or his agents or employees, to the extent authorized by law, from assisting or
6 cooperating in any investigation and/or action brought by any other federal, state or county agency.
7 RESPONDENTS further agree that this Stipulation shall not bind or otherwise prevent any other
8 federal, state or county agency from the performance of its duties;

9 5. RESPONDENTS enter into this Stipulation voluntarily and without coercion and
10 acknowledge that no promises, threats or assurances have been made by the COMMISSIONER or
11 any officer, or agent thereof, about this Stipulation; and

12 6. RESPONDENTS and the COMMISSIONER agree that this Stipulation may be
13 executed in one or more separate counterparts, each of which when so executed, shall be deemed an
14 original. Such counterparts shall together constitute and be one and the same instrument.

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16 Dated: 6/12/09

PRESTON DUFAUCHARD
California Corporations Commissioner

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18 By _____
19 ALAN S. WEINGER
20 Deputy Commissioner

21 Dated:

22 By _____
GREGORY MCKAY, an individual

23 Dated:

24 By _____
25 GREGORY MCKAY, President on behalf of
26 McKay Financial Corp.