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

TO: TIMOTHY MCGRATH
1630 N. Baker Street
Stockton, CA 95204

Carnegie Capital Group, Inc.
343 EAST MAIN ST STE 901
Stockton, CA 95202

DESIST AND REFRAIN ORDER

(For violations of Sections 25110, 25210, 25230, and 25401 of the Corporations Code)

The California Corporations Commissioner finds that:

1. At all relevant times **Timothy McGrath** and **Carnegie Capital Group, Inc.**, are or have, personally or through other agents of Carnegie Capital Group, Inc., been engaging in the business of effecting transactions in securities, qualified and unqualified, containing untrue statements and omissions of material fact.
2. Beginning in or about January 2001, Timothy McGrath and other agents of Carnegie Capital Group, Inc., offered and sold securities in Wintara, Inc., NYDSE, Inc., and Carnegie Capital Group, Inc., to California residents for compensation through personal contacts, including a telemarketing process.
3. Timothy McGrath and Carnegie Capital Group, Inc., did not obtain a broker-dealer certificate to sell securities in Wintara, Inc., NYDSE, Inc., and Carnegie Capital Group, Inc.
4. Timothy McGrath and Carnegie Capital Group, Inc., did not obtain a certificate to act as investment advisers when advising prospective investors to purchase securities in Wintara, Inc., NYDSE, Inc., and Carnegie Capital Group, Inc.
5. The Department of Corporations has not issued a permit or other form of qualification authorizing any person to offer and sell securities in Carnegie Capital Group,

1 Inc. The securities being offered in Carnegie Capital Group, Inc., are not exempt from the
2 qualification requirement under the California Corporate Securities Law of 1968 (Corp. Code
3 § 25100 et seq.)

4 6. Consideration paid by investors to Timothy McGrath or Carnegie Capital
5 Group, Inc., for shares in NYDSE, Inc., was not forwarded to NYDSE, Inc., but remained
6 with Carnegie Capital Group, Inc. Timothy McGrath told at least one investor that by writing
7 the check out to Timothy McGrath or Carnegie Capital Group, Inc., instead of the escrow
8 agent, the investor could avoid the escrow fee. Timothy McGrath failed to forward the funds
9 to NYDSE, Inc. Thus, Timothy McGrath made a material misrepresentation.

10 7. In addition, investors were told that Wintara, Inc., had developed an integrated
11 procurement management software program that was being sold to the government, had a
12 prestigious client base, a positive operating history, and strategic partnering alliances.
13 Investors were told that Wintara, Inc., had contracts with Delphi Delco Electronic Systems
14 (Delphi GM) and with the government. These assertions made by Wintara, Inc., Timothy
15 McGrath, and Carnegie Capital Group, Inc. were false at the time they were made.

16 Based upon the foregoing findings, the California Corporations Commissioner is of
17 the opinion that **Timothy McGrath and Carnegie Capital Group, Inc.** and its agents,
18 affiliates or subsidiaries are subject to the laws regulating broker-dealers under the
19 California Corporate Securities Law of 1968 and have effected transactions in securities as
20 broker-dealers without first having applied for and secured from the Commissioner a
21 certificate, then in effect, authorizing these persons to act in that capacity, in violation of
22 section 25210 of the Corporate Securities Law of 1968. Pursuant to Section 25532 of the
23 Corporate Securities law of 1968, **Timothy McGrath and Carnegie Capital Group, Inc.,**
24 are hereby ordered to **DESIST AND REFRAIN** from effecting any transaction in, or inducing
25 or attempting to induce the purchase or sale of, any security in this state, unless and until
26 **Timothy McGrath and Carnegie Capital Group, Inc.** have applied for and secured from
27 the Commissioner a certificate, then in effect, authorizing these person to act in that
28 capacity.

1 In addition, the California Corporations Commissioner is of the opinion that **Timothy**
2 **McGrath** and **Carnegie Capital Group, Inc.** and affiliates or subsidiaries are subject to the
3 laws regulating investment advisers under the California Corporate Securities Law of 1968
4 and are advising or have advised California residents to purchase stock in Wintara, Inc.,
5 NYDSE, Inc., and Carnegie Capital Group in violation of Corporations Code section 25230.
6 Pursuant to Section 25532 of the Corporate Code, **Timothy McGrath** and **Carnegie**
7 **Capital Group, Inc.**, or any affiliates or subsidiaries are ordered to **DESIST AND REFRAIN**
8 from the further advising California residents to buy or sell securities, unless and until,
9 **Timothy McGrath** and/or **Carnegie Capital Group, Inc.**, has been certified as an
10 investment adviser or otherwise qualified.

11 Further, the California Corporations Commissioner is of the opinion that the shares in
12 Carnegie Capital Group, Inc., offered and sold by **Timothy McGrath** and **Carnegie Capital**
13 **Group, Inc.**, and subsidiaries or affiliates are subject to qualification under the California
14 Corporate Securities Law of 1968 and are being or have been offered or sold without being
15 qualified in violation of Corporations Code section 25110. Pursuant to Section 25532 of the
16 Corporate Securities Law of 1968, **Timothy McGrath** and **Carnegie Capital Group, Inc.**,
17 and subsidiaries or affiliates are ordered to **DESIST and REFRAIN** from the further offer or
18 sale of securities, unless and until qualification has been made under said law or unless
19 exempt.

20 Moreover, the California Corporations Commissioner is of the opinion that the
21 securities of Wintara, Inc. and NYDSE, Inc., were offered and sold in this State by **Timothy**
22 **McGrath** and **Carnegie Capital Group, Inc.**, by means of written or oral communications
23 which included an untrue statement of a material fact or omitted to state a material fact
24 necessary in order to make the statement made, in light of the circumstances under which
25 they were made, not misleading, in violation of section 25401 of the Corporate Securities
26 Law of 1968. Pursuant to Section 25532 of the Corporate Securities Law of 1968, **Timothy**
27 **McGrath** and **Carnegie Capital Group** are hereby ordered to **DESIST and REFRAIN** from
28 offering and selling any security in the State of California, by means of any written or oral

1 communication which includes an untrue statement of a material fact or omits to state a
2 material fact necessary in order to make the statements made, in light of the circumstances
3 under which they were made not misleading.

4 This **Order** is necessary, in the public interest, for the protection of investors and
5 consistent with the purposes, policies, and provisions of the Corporate Securities Law of
6 1968.

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8 Dated: December 10, 2002

9 Sacramento, California

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11 DEMETRIOS A. BOUTRIS
12 California Corporations Commissioner

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14 By _____
15 VIRGINIA JO DUNLAP
16 Supervising Counsel
17 Enforcement and Legal Services
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