

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

TO: Gregory McKay
McKay Financial Corporation
9190 W. Olympic Blvd., #500
Beverly Hills, California 90212

DESIST AND REFRAIN ORDER

(For violations of section 25401 of the Corporations Code)

The California Corporations Commissioner finds that:

1. At all relevant times herein, McKay Financial Corporation (“McKay Financial”), a Nevada corporation, which was formed in July 2001 was located at 9190 W. Olympic Blvd., #500, Beverly Hills, California 90212 with its registered agent located at 723 South Casino Center Blvd., Second Floor, Las Vegas, Nevada 89101. On August 1, 2008, the Nevada Secretary of State revoked McKay Financial’s corporation status.

2. At all relevant times herein, Gregory McKay was the President and owner of McKay Financial.

3. Beginning in around July 2003 and continuing through at least July 2008, Gregory McKay and McKay Financial offered and sold securities in the form of investment notes in McKay Financial to at least two investors totaling about \$1,000,000.

4. Gregory McKay and McKay Financial gave investors a Private Offering Memorandum. Investors were told that they would receive a return of twelve percent (12%) for the first year, fifteen percent (15%) per annum for the next two years and then eighteen percent (18%) after three years. Furthermore, investors were told that the net proceeds from the sale of the investment notes would be used by McKay Financial in its securities trading activities for its investment accounts. Investors were told that McKay Financial relied on trend analysis to place buy and sell orders and make other investment decisions, including hedging and whether to engage in short-selling.

5. In connection with the offer and sale of these securities, Gregory McKay and McKay

1 Financial made, or caused to be made, misrepresentations of material fact or omitted to state material
2 facts necessary in order to make the statements made, in the light of the circumstances under which
3 they were made, not misleading. These misrepresentations and omissions included, but are not
4 limited to the following:

- 5 a. Investors were not told that Gregory McKay was using investor money for his
6 own personal use;
- 7 b. Gregory McKay and McKay Financial misrepresented to investors that a
8 license was not needed to trade securities for their accounts; and
- 9 c. Investors were not told that Gregory McKay was charged and convicted of
10 Grand Theft although it was expunged pursuant to Penal Code section 1203.4.

11 The California Corporations Commissioner is of the opinion that the securities offered and
12 sold by Gregory McKay and McKay Financial were offered and sold in this state by means of written
13 or oral communications that included untrue statements of material fact or omitted to state material
14 facts necessary in order to make the statements made, in the light of the circumstances under which
15 they were made, not misleading, in violation of section 25401 of the Corporate Securities Law of
16 1968.

17 Pursuant to Section 25532 of the Corporate Securities Law of 1968, Gregory McKay and
18 McKay Financial Corporation are hereby ordered to desist and refrain from offering or selling or
19 buying or offering to buy any security in the State of California, including, but not limited to,
20 investment notes in McKay Financial by means of any written or oral communication which includes
21 an untrue statement of a material fact or omits to state a material fact necessary in order to make the
22 statements made, in the light of the circumstances under which they were made, not misleading.

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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: November 18, 2008
Los Angeles, California

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
ALAN S. WEINGER
Lead Corporations Counsel
Enforcement Division