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

TO: Richard M. Harkless
Julie D. Harkless
MX Factors, LLC
3631 10th Street, Suite 222
Riverside, CA 92501

DESIST AND REFRAIN ORDER
(For violations of section 25110 of the Corporations Code
and section 22100 of the Financial Code)

The California Corporations Commissioner finds that:

1. MX Factors, LLC, is a Nevada limited liability company formed on February 28, 2000. Richard M. Harkless and Julie M. Harkless are the managing members of MX Factors, LLC.

2. At least since 2001, MX Factors, LLC, Richard M. Harkless and Julie M. Harkless have offered and sold securities in the form of notes. The notes were offered and sold to the public for the purposes of raising investment capital to operate a so-called factoring business. The investors' funds purportedly were "placed" by MX Factors, LLC, in third party loans. As collateral for these loans, MX Factors, LLC, obtained liens on the borrowers' accounts receivable. The cost to the borrowers for these loans was an amount higher than the 12 percent rate of returns that MX Factors, LLC, promised to pay its investors every 90 days. The minimum investment was \$25,000. MX Factors, LLC, may have raised more than \$21 million through the sale of these investments.

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

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1 Based on the foregoing findings, the California Corporations Commissioner is of the
2 opinion that the notes offered and sold to investors by MX Factors, LLC, Richard M.
3 Harkless and Julie M. Harkless are securities subject to qualification under the California
4 Corporate Securities Law of 1968, and are being or have been offered or sold without being
5 qualified, in violation of section 25110 of the Corporate Securities Law of 1968. Pursuant to
6 section 25532 of the Corporate Securities Law of 1968, MX Factors, LLC, Richard M.
7 Harkless and Julie M. Harkless are hereby ordered to desist and refrain from the further
8 offer or sale in the State of California of securities in the form of notes, unless and until
9 qualification has been made under said law or unless exempt.

10 Furthermore, the California Corporations Commissioner is of the opinion that MX
11 Factors, LLC, Richard M. Harkless and Julie M. Harkless have engaged in the business of a
12 "finance lender" in this state, as defined in the California Finance Lenders Law (Financial
13 Code section 22000, *et seq.*), without first having obtained a license from the commissioner,
14 in violation of section 22100 of the Financial Code. Pursuant to section 22712 of the
15 Financial Code, MX Factors, LLC, Richard M. Harkless and Julie M. Harkless are hereby
16 ordered to desist and refrain from engaging in the business of a finance lender in the State
17 of California, unless and until a license has been obtained under the California Finance
18 Lenders Law.

19 This Order is necessary, in the public interest, for the protection of investors and
20 consistent with the purposes, policies, and provisions of the Corporate Securities Law of
21 1968 and the California Finance Lenders Law.

22 Dated: September 26, 2003
23 Los Angeles, California

24 DEMETRIOS A. BOUTRIS
25 California Corporations Commissioner

26 By _____
27 ALAN S. WEINGER
28 Supervising Counsel
 Enforcement and Legal Services Division