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

TO: Netcap Holdings, Inc.
151 Old County Road
San Carlos, CA 94070

Guindi N. Guindi
555 Ravenscourt
Hillsborough, CA 94010

82 N. Forest Circle
The Woodlands, TX 77381-6649

DESIST AND REFRAIN ORDER
(For violations of Corporations Code section 25130)

The California Corporations Commissioner finds that:

1. Guindi N. Guindi ("Guindi") founder, president and board member of Netcap Holdings, Inc. ("Netcap") recently relocated from California to Texas. Guindi represented himself to be a venture capitalist with large blocks of IPO shares or stock options in publicly traded companies. Several of the companies that Guindi represented himself or Netcap to own include, among others, United Parcel Service (UPS), Sycamore Network (SCMR), Freemarkets (FMKT), Avanex (AVNX), Webmethods (WEBM), Palm (PALM), and Silicon Laboratories, Inc. (SLAB).

2. Netcap Holdings, Inc. is a Delaware corporation with offices at one time located at 151 Old County Road, San Carlos, California. Guindi represented Netcap to act as an incubator for start-up companies and a source of funding for high technology businesses.

3. During a period of time beginning in 1999 and continuing until mid-2001, Guindi offered or sold securities in the form of stock or stock options in the above-described companies to California investors in nonissuer transactions. Shares of stock and options are defined as securities under California law.

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DESIST AND REFRAIN ORDER
(For violations of Corporations Code section 25210)

The California Corporations Commissioner finds that:

2. Guindi N. Guindi ("Guindi") founder, president and board member of Netcap Holdings, Inc. ("Netcap") recently relocated from California to Texas.

3. Guindi in representing himself to the public claimed to be a successful portfolio manager with shares of stock or stock options in publicly traded companies. Guindi claimed his management of an investment portfolio for individuals returned a 500% profit during one year.

4. Netcap Holdings, Inc. is a Delaware corporation with offices at one time located at 151 Old County Road, San Carlos, California. Guindi presented Netcap to investors describing it as an incubator for start-up companies and a source of funding for high technology businesses. Guindi stated that he had put his net worth of \$10 million into Netcap.

5. During a period of time beginning in 1999 and continuing until mid-2001, Guindi offered to buy and sell securities for California investors. Several of the companies that Guindi or Netcap offered to buy for or sell to investors include, among others, United

1 Parcel Service (UPS), Sycamore Network (SCMR), Freemarkets (FMKT), Avanex (ANMX),
2 Webmethods (WEBM), Palm (PALM), and Silicon Laboratories, Inc. (SLAB).

3 4. Claiming to be an entrepreneur and venture capitalist, Guindi claimed that he
4 or Netcap held large blocks of IPO shares of stock or stock options of publicly traded
5 companies, such as Webmethods (WEBM) and Avanex (AVNX), which he offered and sold
6 to investors. Guindi stated these shares or options were subject to restrictions, such as a
7 lock-up period, but that these shares and options would be transferred or delivered to the
8 investors when the restrictions lapsed and the lock-up period expired. Until that time Guindi
9 represented he would be holding these securities in an account or portfolio for the investors.

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11 5. Effecting transactions in securities without an exemption requires a license
12 under California law. The Department of Corporations has not issued a broker-dealer
13 license to either Guindi or Netcap nor authorized Guindi to act as a registered agent for any
14 broker-dealer.

15 5. Based upon the foregoing, the California Corporations Commissioner is
16 of the opinion that Guindi and Netcap have effected transactions in securities as broker-
17 dealers without having first applied for and secured from the Commissioner a certificate,
18 then in effect, authorizing these persons to act in that capacity, in violation of section 25210
19 of the Corporate Securities Law of 1968.

20 Pursuant to section 25532 of the Corporate Securities Law of 1968, Guindi N. Guindi
21 and Netcap Holdings, Inc. are ordered to desist and refrain from effecting any transaction in,
22 or inducing or attempting to induce, the purchase or sale of any security in this State, unless
23 and until they have applied for and secured from the Commissioner a certificate, then in
24 effect, authorizing these persons to act in that capacity.

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

6 Dated: December 24, 2002
7 Los Angeles, California

8 DEMETRIOS A. BOUTRIS
9 California Corporations Commissioner

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11 By _____
12 ALAN S. WEINGER
13 Supervising Counsel
14 Enforcement and Legal Services Division
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STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

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82 N. Forest Circle
The Woodlands, TX 77381-6649

DESIST AND REFRAIN ORDER
(For violations of Corporations Code section 25401)

The California Corporations Commissioner finds that:

6. Guindi N. Guindi ("Guindi") represented himself to be the founder, president and board member of Netcap Holdings, Inc. Guindi previously resided in California but recently relocated to Texas. Guindi was also the founder of several California corporations including, but not limited to, Vast Tech Inc. and Digi Memories Inc., which have been suspended by the California Secretary of State's Office.

6. Netcap Holdings, Inc. ("Netcap") incorporated in the State of Delaware on January 20, 2000, with 100 million total authorized shares, (60 million common shares and 40 million preferred shares). The State of Delaware sent numerous notices to Netcap requesting the filing of annual reports and the payment of taxes due and owing. Netcap did not comply. On March 1, 2002, the State of Delaware voided Netcap's corporate charter for non-compliance with the filing requirements and non-payment of \$333,844 in taxes.

7. At one time, Netcap offices were located at 151 Old County Road, San Carlos, California. However, the California Secretary of State's Office has no record of Netcap ever filing articles of incorporation with their office.

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1 8. During a period of time beginning in 1999 and continuing until mid-2001,
2 Guindi offered and sold securities in the form of shares of Netcap stock as well as stock and
3 stock options of publicly traded companies to California investors. While doing so, Guindi
4 made misrepresentations or omissions of material facts including, but not limited to, the
5 following:

6 . MISREPRESENTATIONS

- 7 a. Guindi was a successful entrepreneur and venture capitalist;
8 b. Guindi's company, Netcap, was an incubator for start-up companies;
9 c. Netcap had \$14,000,000 in assets and provided capital to high tech
10 companies;
11 d. Prominent individuals such as Lee Iacocca served on Netcap's advisory
12 board;
13 e. Guindi was the owner of large blocks of IPO shares of stock or stock
14 options of publicly traded companies, such as Webmethods (WEBM) and
15 Avanex (AVNX);
16 f. Netcap's initial public offering was imminent;
17 g. Netcap investors would easily receive a return of two to ten times the
18 amount of their respective investment;

19 . OMISSIONS

- 20 a. Guindi previously had several unsuccessful business ventures;
21 b. Guindi's companies had been suspended by the California Secretary of
22 State's Office;
23 c. Guindi was the defendant in numerous civil cases alleging fraud; and
24 d. Netcap was not in good standing with the State of Delaware.

25 9. Shares of stock and options are defined as securities under California law.
26 Guindi's Netcap stock and the stock or options of publicly traded companies were offered or
27 sold in California to investors by means of misrepresentations and omissions of material
28 facts in violation of section 25401 of the Corporate Securities Law of 1968.

1 10. Based upon the foregoing, the California Corporations Commissioner is of the
2 opinion that Guindi offered or sold stock and options of Netcap or publicly traded companies
3 by means of misrepresentations and omissions of material facts in violation of section 25401
4 of the Corporate Securities Law of 1968.

5 Pursuant to section 25532 of the Corporate Securities Law of 1968, Guindi N. Guindi
6 and Netcap Holdings, Inc. are ordered to desist and refrain from offering or selling any
7 security in the State of California by means of misrepresentations and omissions of material
8 facts. This Order is necessary, in the public interest, for the protection of investors and
9 consistent with the purposes, policies, and provisions of the Corporate Securities Law of
10 1968.

11 Dated: December 24, 2002
12 Los Angeles, California

13 DEMETRIOS A. BOUTRIS
14 California Corporations Commissioner

15
16 By _____
17 ALAN S. WEINGER
18 Supervising Counsel
19 Enforcement and Legal Services Division
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The Woodlands, TX 77381-6649

DESIST AND REFRAIN ORDER
(For violations of Corporations Code section 25110)

The California Corporations Commissioner finds that:

7. Guindi N. Guindi ("Guindi") founder, president and board member of Netcap Holdings, Inc. recently relocated from California to Texas. Guindi was the founder of several California corporations, which have been suspended by the California Secretary of State's Office. Guindi has also been the subject of numerous civil actions alleging fraud and misrepresentations.

11. Netcap Holdings, Inc. ("Netcap") incorporated in the State of Delaware on January 20, 2000, with 100 million total authorized shares, (60 million common shares and 40 million preferred shares). At one time, Netcap offices were located at 151 Old County Road, San Carlos, California. However, the California Secretary of State's Office has no record of Netcap ever filing its articles of incorporation with their office.

12. Beginning in 1999 and continuing thereafter, Guindi upon first meeting the parents of the classmates of his children at various school fundraisers would begin soliciting the parents to invest in his company, Netcap. Guindi, describing himself as a venture capitalist, represented Netcap to be a business incubator and venture capital fund for companies in different stages of development. Guindi claimed that Netcap possessed the expertise to assist these companies through all stages from concept to market.

1 13. Guindi offered and sold securities in the form of shares of Netcap stock to
2 California investors. Investors provided in excess of \$300,000 to Guindi in exchange for
3 pre-IPO shares of Netcap. Investors' funds were to be used to provide resources and
4 services to start-up companies in the high technology sector.

5 14. Shares of stock are defined as securities under California law. Guindi's
6 Netcap stock was offered and sold in California in issuer transactions. The Department of
7 Corporations has not issued a permit, license or other form of approval or qualification
8 authorizing Guindi or Netcap to offer and sell common stock of Netcap in the State of
9 California.

10 15. Based upon the foregoing, the California Corporations Commissioner is of the
11 opinion that Guindi offered or sold the common stock of Netcap without it being qualified in
12 violation of section 25110 of the Corporate Securities Law of 1968.

13 Pursuant to section 25532 of the Corporate Securities Law of 1968, Guindi N. Guindi
14 and Netcap Holdings, Inc. are hereby ordered to desist and refrain from offering, selling,
15 buying or offering to buy any security in the form of common stock in the State of California,
16 unless and until qualification has been made under said law or unless exempt. This Order
17 is necessary, in the public interest, for the protection of investors and consistent with the
18 purposes, policies, and provisions of the Corporate Securities Law of 1968.

19 Dated: December 24, 2002
20 Los Angeles, California

21 DEMETRIOS A. BOUTRIS
22 California Corporations Commissioner

23
24 By _____
25 ALAN S. WEINGER
26 Supervising Counsel
27 Enforcement and Legal Services Division
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