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

TO: William Peter Orcutt
8665 Florin Road #102
Sacramento, California 95828

And

8400 Bernardo Court
Sacramento, California 95828-6634

DESIST AND REFRAIN ORDER
(For violations of section 25110 and 25401 of the Corporations Code)

The California Corporations Commissioner finds that:

1. At all relevant times, William Peter Orcutt (William Orcutt) is a licensed insurance agent and a resident of Sacramento, California, doing business at 8665 Florin Road, #102, Sacramento, California 95828.
2. Beginning in or about August 2002, William Orcutt offered or sold investments, in the State of California in the form of investment contracts in Capital Holdings, LLC.
3. William Orcutt claims to offer financial planning, estate planning and insurance services to elderly and retired Californians. Due to the representations made by William Orcutt, elderly California investors agreed to rollover an annuity and invest \$10,000 in Capital Holdings, LLC.

1 4. The purported purpose of the Capital Holdings, LLC securities offering was to sell interests in
2 medium term notes that would be turned over to a trader to facilitate the trading of prime bank
3 instruments. The investors were told that their principal was safe and secure in an FDIC insured
4 bank.

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6 5. These securities were offered or sold in this state in issuer transactions. The Department of
7 Corporations has not issued a permit or other form of qualification authorizing any person to offer or
8 sell these securities in this state.

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10 6. In connection with these offers and sales, William Orcutt represented to investors:

- 11 a) That the annuity rollover would not have adverse tax consequences;
- 12 b) That the investment in Capital Holdings, LLC was very safe with no risk.

13 Elderly investors relied on these misrepresentations in making their decision to invest in Capital
14 Holdings, LLC. The investors paid steep penalties for cancellation of their annuities and they paid a
15 large amount of taxes due to the rollover transaction. The investors did not receive any return on
16 their investment in Capital Holdings, LLC and lost the entire principal investment.

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18 Based upon the foregoing findings, the California Corporations Commissioner is of the
19 opinion that the investment contracts in Capital Holdings, LLC are securities subject to qualification
20 under the California Corporate Securities Law of 1968 and are being or have been offered or sold
21 without being qualified in violation of Corporations Code section 25110. Pursuant to section 25532
22 of the Corporate Securities Law of 1968, William Peter Orcutt is hereby ordered to desist and refrain
23 from the further offer or sale of securities in the State of California, including but not limited to
24 investment contracts, unless and until qualification has been made under the law or unless exempt.

25 Further, the California Corporations Commissioner is of the opinion that the securities
26 representing investment contracts in Capital Holdings, LLC were offered or sold in this state by
27 means of written or oral communications which included an untrue statement of a material fact or
28 omitted to state a material fact necessary in order to make the statements made, in the light of the

1 circumstances under which they were made, not misleading, in violation of section 25401 of the
2 Corporate Securities Law of 1968. Pursuant to section 25532 of the Corporate Securities Law of
3 1968, William Peter Orcutt is hereby ordered to desist and refrain from offering or selling or buying
4 or offering to buy any security in the State of California, including but not limited to investment
5 contracts, by means of any written or oral communication which includes an untrue statement of a
6 material fact or omits to state a material fact necessary in order to make the statements made, in the
7 light of the circumstances under which they were made, not misleading.

8 This Order is necessary, in the public interest, for the protection of investors and consistent
9 with the purposes, policies, and provisions of the Corporate Securities Law of 1968. This order shall
10 remain in full force and effect until further order of the California Corporations Commissioner.

11 Dated: March 24, 2006
12 Sacramento, California

14 WAYNE STRUMPFER
15 Acting California Corporations Commissioner

16 By: _____
17 ALAN S. WEINGER
18 Acting Deputy Commissioner
19 Enforcement Division
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