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

**TO:** Joseph Karcagi  
Robert J. Humak  
R.J. Humak & Associates, Inc.  
8671 Wilshire Boulevard, Suite 714  
Los Angeles, California 90011

**DESIST AND REFRAIN ORDER**

**(For violations of sections 25210, 25230 and 25401 of the Corporations Code)**

The California Corporations Commissioner finds that:

1. At all relevant times, Robert J. Humak (“Humak”) was President of R.J. Humak & Associates, Inc. (“RJH”), a purported Registered Investment Adviser located at 8671 Wilshire Boulevard, Suite 714, Los Angeles, California.
2. At all relevant times, Joseph Karcagi (“Karcagi”) was a sales agent for R.J. Humak & Associates, Inc. and located in Florida.
3. Humak was terminated as a registered representative from broker-dealer R.M. Stark & Co., Inc., effective April 30, 2003 and barred from the NASD in 2005.
4. Karcagi was terminated as a registered representative from broker-dealer Summit Brokerage Services, Inc., effective December 9, 2003 and barred from the NASD in 2005.
5. Beginning in late 2002 and continuing until at least October 2004, Karcagi, Humak and RJH solicited at least 20 clients obtaining \$500,000 for investment purposes in various companies.
6. Investors were offered and sold redeemable preferred stock in various Private Placement Investments, including but not limited to the following companies: a) The Expedition Development Company, Inc.; b) Great American Radio Network, Inc.; and c) 4CE Footwear, Inc. In the Private Placement Memorandums that all look similar it indicates that RJH will receive a 15% financial adviser fee for its service in the offerings.
7. Neither Humak, Karcagi, nor RJH ever had a valid investment adviser certificate issued by

1 the Department of Corporations or the U.S. Securities and Exchange Commission.

2 8. Humak, Karcagi, and RJH did not have a valid broker-dealer certificate. Furthermore, the last  
3 time Humak was registered with an NASD member firm was in April 2003. And the last time  
4 Karcagi was registered with an NASD member firm was December 2003.

5 9. Therefore, Humak, RJH and Karcagi sold securities without being properly licensed.

6 10. In connection with the offer and sale of securities, Humak, RJH, and Karcagi made, or caused  
7 to be made, misrepresentations of material fact or omitted to state material facts necessary in  
8 order to make the statements made, in the light of the circumstances under which they were  
9 made, not misleading. These misrepresentations and omissions included, but are not limited  
10 to the following:

- 11 a. Humak and RJH told clients that RJH was a licensed investment adviser;
- 12 b. Humak and RJH told clients that RJH was a licensed broker-dealer and member of the  
13 NASD;
- 14 c. Humak and Karcagi failed to disclose to investors that they were no longer affiliated  
15 with licensed broker-dealers and therefore were no longer allowed to sell securities; and
- 16 d. Humak and RJH failed to disclose to investors that investment money would be used to  
17 pay Humak's personal expenses instead of going towards specific investments as  
18 promised.

19 Based upon the foregoing, the California Corporations Commissioner is of the opinion that  
20 Humak, RJH and Karcagi have effected transactions in securities as broker-dealers without having  
21 first applied for and secured from the Commissioner a certificate, then in effect, authorizing these  
22 persons to act in that capacity, in violation of Section 25210 of the Corporate Securities Law of 1968  
23 ("CSL").

24 Pursuant to Section 25532 of the CSL, Robert J. Humak, R.J. Humak & Associates, Inc. and  
25 Joseph Karcagi are hereby ordered to desist and refrain from effecting any transaction in, or inducing  
26 or attempting to induce the purchase or sale of, any security in this state, unless and until they have  
27 applied for and secured from the Commissioner a certificate, then in effect, authorizing these persons  
28 to act in that capacity.

1 Based upon the foregoing findings, the California Corporations Commissioner is of the  
2 opinion that Humak and RJH have conducted business as an investment adviser in this state without  
3 first applying for and securing from the commissioner a certificate, then in effect, authorizing them to  
4 do so, in violation of section 25230 of the CSL.

5 Pursuant to Section 25532 of the CSL, Robert J. Humak and R.J. Humak & Associates, Inc.  
6 are hereby ordered to desist and refrain from acting as an investment adviser in the State of California  
7 unless and until they have first applied for and secured from the Commissioner a certificate, then in  
8 effect, authorizing them to act as an investment adviser.

9 Further, the California Corporations Commissioner is of the opinion that the securities offered  
10 by Humak, RJH and Karcagi were offered and sold in this state by means of written or oral  
11 communications, which included untrue statements of material fact or omitted to state material facts  
12 necessary in order to make the statements made, in the light of the circumstances under which they  
13 were made, not misleading, in violation of section 25401 of the CSL.

14 Pursuant to Section 25532 of the CSL, Robert J. Humak, R.J. Humak & Associates, Inc. and  
15 Joseph Karcagi are hereby ordered to desist and refrain from offering or selling or buying or offering  
16 to buy any security in the State of California, including but not limited to stocks, by means of any  
17 written or oral communication which includes an untrue statement of a material fact or omits to state  
18 a material fact necessary in order to make the statements made, in the light of the circumstances  
19 under which they were made, not misleading.

20 This Order is necessary, in the public interest, for the protection of investors and consistent  
21 with the purposes, policies, and provisions of the CSL.

22 Dated: July 3, 2007

23 Los Angeles, California

24 PRESTON DUFAUCHARD  
25 California Corporations Commissioner

26 By \_\_\_\_\_  
27 ALAN S. WEINGER  
28 Lead Corporations Counsel  
Enforcement Division