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10 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT  
11 OF THE STATE OF CALIFORNIA

13 In the Matter of THE COMMISSIONER OF ) STIPULATION TO DESIST AND REFRAIN  
BUSINESS OVERSIGHT, ) ORDER FOR VIOLATION OF  
14 ) CORPORATIONS CODE SECTION 25401  
15 Complainant, )  
16 vs. )  
17 SPIRIT OF CALIFORNIA ENTERTAINMENT )  
GROUP, INC., JAMES BRENT ROGERS, and )  
18 PHILLIP LEE MCKITTERICK, )  
19 Respondents. )  
20 )  
21 )

22 IT IS HEREBY STIPULATED by and between the Department of Business Oversight  
23 ("Department") through the Commissioner of Business Oversight ("Commissioner"), on the one  
24 hand, and Spirit of California Entertainment Group, Inc. ("SOC"), James Rogers ("Rogers"), and  
25 Phillip McKitterick ("McKitterick") (collectively, "Respondents"), on the other hand (hereafter,  
26 "parties"), as follows:  
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1 WHEREAS, SOC is a corporation in good standing, duly formed and existing pursuant to  
2 the laws of the State of California with its principal place of business located at 180 La Montagne  
3 Court, Los Gatos, California, 95032.

4 WHEREAS, Rogers is the president and a control person of SOC and, as such, is authorized  
5 to enter into this Stipulation on behalf of SOC.

6 WHEREAS, McKitterick is the executive vice president and a control person of SOC and,  
7 as such, is authorized to enter into this Stipulation on behalf of SOC.

8 WHEREAS, on January 26, 2015, the Commissioner issued a Desist and Refrain Order to  
9 Respondents finding that beginning in or about March 2013, in connection with the offers and/or  
10 sales of SOC securities issued in the form of stock, SOC, Rogers, and McKitterick made untrue  
11 statements of material fact or omitted to state material facts necessary to make the statements made,  
12 in the light of the circumstances under which they were made, not misleading in violation of section  
13 25401, subsection (b), of the California Corporate Securities Law of 1968 (CSL) (Corp. Code, §  
14 25000 et seq.).

15 WHEREAS, Respondents having timely requested a hearing on the Desist and Refrain Order,  
16 the matter is presently set before the Office of Administrative Hearings on October 12-14, 2015.

17 WHEREAS, Respondents, without admitting or denying the charges alleged in the Desist and  
18 Refrain Order, seek to resolve the concerns of the Commissioner by entering into this Stipulation  
19 regarding the Desist and Refrain Order.

20 NOW, THEREFORE, the parties hereby stipulate and agree as follows:

21 1. Respondents stipulate to the finality of the Desist and Refrain Order, in the form  
22 attached hereto as Exhibit A, directing Respondents to desist and refrain from offering or selling or  
23 buying or offering to buy any security in the State of California, including but not limited to stock in  
24 the SOC, by means of any written or oral communication which includes an untrue statement of a  
25 material fact or omits to state a material fact necessary in order to make the statements made, in the  
26 light of the circumstances under which they were made, not misleading in violation of section 25401,  
27 subsection (b), of the CSL.

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1           2.       Respondents hereby withdraw their request for hearing and further waive all rights to  
2 any hearing or appeal of the Desist and Refrain Order.

3           3.       Respondents acknowledge that remedies for violations of the CSL are not exclusive  
4 and may be sought and employed in any combination to enforce the purpose and provisions of this  
5 law.

6           4.       Respondents agree that nothing in this Stipulation shall preclude the Commissioner, or  
7 her agents or employees, to the extent authorized by law, from assisting or cooperating in any  
8 investigation and/or action brought by any other federal, state or county agency. Respondents further  
9 agree that this Stipulation shall not bind or otherwise prevent any other federal, state or county  
10 agency from the performance of its duties.

11          5.       Respondents enter into this Stipulation voluntarily and without coercion and  
12 acknowledge that no promises, threats or assurances have been made by the Commissioner or any  
13 officer, or agent thereof, about this Stipulation.

14          6.       Respondents acknowledge that this Stipulation and the Exhibit attached thereto are a  
15 public record.

16          7.       Respondents and the Commissioner agree that this Stipulation may be executed in one  
17 or more separate counterparts, each of which when so executed, shall be deemed an original. Such  
18 counterparts shall together constitute and be one and the same instrument.

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1 8. This Stipulation shall not become effective until signed by all parties and delivered by the  
2 Commissioner's counsel via electronic mail to Respondents' counsel James P. Nichols at  
3 jnicholslaw@aol.com.

4 Dated: 9/30/15 JAN LYNN OWEN  
5 Commissioner of Business Oversight

6  
7 By \_\_\_\_\_  
8 Mary Ann Smith  
9 Deputy Commissioner

10 SPIRIT OF CALIFORNIA ENTERTAINMENT GROUP, INC.

11  
12 Dated: 9/16/15 By \_\_\_\_\_  
13 James Brent Rogers, President  
14 Individually and on behalf of Spirit of California Entertainment  
15 Group, Inc.

16 Dated: 9/16/15 By \_\_\_\_\_  
17 Phillip Lee McKitterick, Executive Vice President  
18 Individually and on behalf of Spirit of California Entertainment  
19 Group, Inc.

20 Approved as to Form and Content

21 Dated: 9/22/15  
22 By \_\_\_\_\_  
23 James P. Nichols, Esq.  
24 Attorney on behalf of Spirit of California Entertainment Group, Inc.,  
25 James Brent Rogers, and Phillip Lee McKitterick  
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