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

**TO:** Pacific Property Assets  
Michael J. Stewart  
John J. Packard  
Carolyn M. Karda  
19000 MacArthur Boulevard, 5<sup>th</sup> Floor  
Irvine, CA 92612

**DESIST AND REFRAIN ORDER**  
**(For violations of sections 25110 and 25210 of the Corporations Code)**

The California Corporations Commissioner finds that:

1. At all relevant times, Michael J. Stewart was a founding member and principal of Pacific Property Assets, a California limited liability company.
2. At all relevant times, John J. Packard was a founding member and principal of Pacific Property Assets, a California limited liability company.
3. At all relevant times, Carolyn M. Karda was the Director of Investor Relations of Pacific Property Assets, a California limited liability company.
4. Beginning in or about November 20, 2001, Michael J. Stewart, John J. Packard, Carolyn M. Karda and Pacific Property Assets offered or sold securities in the form

1 of the "Super CD", a fixed-rate certificate of deposit secured by commercial real estate, to  
2 California residents.

3 5. Pacific Property Assets, Michael J. Stewart, John J. Packard and/or Carolyn  
4 M. Karda solicited potential investors through direct mailings. The mailer suggested that the  
5 potential investor call an 800 number for recorded information. Upon calling the 800  
6 number, the potential investor was instructed to leave additional information. Upon leaving  
7 a name, address and/or telephone number, the potential investor was either contacted  
8 directly or mailed a packet of materials offering the "Super CD" for sale.

9 6. The Department of Corporations has not issued a permit or other form of  
10 qualification authorizing Pacific Property Assets, Michael J. Stewart, John J. Packard or  
11 Carolyn M. Karda to offer or sell the "Super CD" in this state. The "Super CD" is not exempt  
12 from the qualification requirement under Section 25110 of the California Corporate  
13 Securities Law of 1968.

14 7. None of the above parties, Pacific Property Assets, Michael J. Stewart, John J.  
15 Packard or Carolyn M. Karda have obtained a certificate as a broker-dealer from the  
16 California Corporations Commissioner or have qualified as an agent by the Commissioner to  
17 offer or sell securities in this state.

18 8. Based upon the foregoing findings, the California Corporations Commissioner  
19 is of the opinion that the "Super CD" offered and/or sold by Pacific Property Assets, Michael  
20 J. Stewart, John J. Packard or Carolyn M. Karda is a security subject to qualification under  
21 the California Corporate Securities Law of 1968 and is being or has been offered or sold  
22 without being qualified. Pursuant to Section 25532 of the Corporate Securities Law of 1968,  
23 Pacific Property Assets, Michael J. Stewart, John J. Packard or Carolyn M. Karda are  
24 hereby ordered to **desist and refrain** from the further offer or sale in the State of California  
25 of securities in the form of the "Super CD", unless and until qualification has been made  
26 under said law or unless exempt. The sale of such securities is subject to qualification  
27 under said law and such securities are being or have been offered for sale without first  
28 being so qualified.

1           9. Pacific Property Assets, Michael J. Stewart, John J. Packard or Carolyn M.  
2 Karda also have effected transactions in securities as broker-dealers without first having  
3 applied for and secured from the Commissioner a certificate, then in effect, authorizing  
4 these persons to act in that capacity, in violation of section 25210 of the Corporate  
5 Securities Law of 1968. Pursuant to Section 25532 of the Corporate Securities Law of  
6 1968, Pacific Property Assets, Michael J. Stewart, John J. Packard or Carolyn M. Karda are  
7 hereby ordered to **desist and refrain** from effecting any transaction in, or inducing or  
8 attempting to induce the purchase or sale of any security in this state, unless and until they  
9 have applied for and secured from the Commissioner a certificate, then in effect, authorizing  
10 these persons to act in that capacity.

11           This Order is necessary, in the public interest, for the protection of investors and  
12 consistent with the purposes, policies, and provisions of the Corporate Securities Law of  
13 1968.

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16 Dated: May 28, 2002

17 Sacramento, California

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19 DEMETRIOS A. BOUTRIS  
20 California Corporations Commissioner

21  
22 By \_\_\_\_\_  
23 VIRGINIA JO DUNLAP  
24 Acting Supervising Counsel  
25 Enforcement and Legal Services  
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