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

TO: RKM Financial Group, Inc., d.b.a.
Robin Bruce McNabb
9517 E Meseto Ave.
Mesa, AZ 85208

Scavenger Leasing Company
Robin Bruce McNabb
9517 E Meseto Ave.
Mesa, AZ 85208

DESIST AND REFRAIN ORDER
(For violations of section 25110 and 25230 of the Corporations Code)

The California Corporations Commissioner finds that:

1. Robin Bruce McNabb (“McNabb”), doing business as RKM Financial Group, Inc., (“RKM”), and under the fictitious business name Scavenger Leasing Company, has or had his principal place of business located at 2021 The Alameda, Suite 230, San Jose, CA 95126, and now maintains an address at 9517 E Meseto Avenue, Mesa, Arizona 85208.

2. McNabb applied to the Commissioner of Corporations (“Commissioner”) for a certificate to act as an investment adviser and on June 30, 1987, the Commissioner issued an Investment Adviser Certificate to “RKM Financial Group (Robin Bruce McNabb DBA)”. Under this license, Robin Bruce McNabb was personally licensed as an investment adviser.

3. Thereafter, on or around September 10, 1997, McNabb performed investment adviser activities and retained clients by entering into an “Investment Advisory Agreement” to provide investment management services with respect to client assets, including the power and authority to

1 supervise and direct on a discretionary basis the investments of the client, such as the purchase and
2 sale of securities and other instruments.

3
4 4. Under the Investment Advisory Agreement, McNabb and the client agreed to have
5 First Trust Corporation (“First Trust”) serve as the “Custodian” of the client’s assets and to hold the
6 securities and other assets. McNabb, as the investment adviser, was authorized to instruct First Trust
7 with respect to the settlement of transactions initiated by McNabb under his authority to direct his
8 clients’ investments.

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10 5. Accordingly, McNabb entered into a separate “Master Service Agreement” with First
11 Trust whereby First Trust agreed, among other things, to act upon instruction it received from
12 McNabb to invest.

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14 6. While acting as an investment adviser, McNabb also charged and collected fees for his
15 advisory services in excess of his agreed upon fee under his contract with at least one client, and
16 collected as high as three times the agreed upon amount.

17
18 7. On March 31, 1999, on an appeal by McNabb from a July 24, 1998 decision of the
19 District Business Conduct Committee for District No. 1, the National Association of Securities
20 Dealers (NASD), a national securities association which regulates securities dealers, upheld the
21 decision that McNabb engaged in the unlawful sale of securities and affirmed in part sanctions to
22 censure, fine, and bar McNabb for life from association with any NASD member firm. Later the
23 Securities Exchange Commission as well as the Ninth Circuit Court of Appeals affirmed the NASD’s
24 decision.

25
26 8. When McNabb failed to pay the renewal fees due in 2002 for his investment adviser
27 certificate as required, the Commissioner issued an Order Summarily Revoking Certificate on
28 February 15, 2002 pursuant to his authority under Corporations Code section 25242(c)(1).

1 Corporations Code section 25608 requires an investment adviser who has obtained an Investment
2 Adviser Certificate from the Commissioner to pay renewal fees on or before December 31 of the then
3 current calendar year in order to keep the certificate in effect in the subsequent calendar year.

4
5 9. Despite having his Certificate revoked by the Commissioner, McNabb continued to
6 charge and collect fees for investment adviser services, and in August of 2002, McNabb admitted to
7 the Department of Corporations that he continued to retain at least six (6) investment advisory clients
8 after his certificate had been revoked by the Commissioner.

9
10 10. McNabb also continued to enter into agreements with First Trust for First Trust to act
11 as custodian of McNabb's clients' assets and therefore held himself out as a certified investment
12 adviser promising to comply with all state securities laws.

13
14 11. Under Corporations Code section 25230, it is unlawful to conduct business as an
15 investment adviser in this state unless the investment adviser has first applied for and secured from
16 the Commissioner a certificate, then in effect, authorizing the investment adviser to do so, unless the
17 investment adviser is exempt. McNabb is not exempt from the certification requirement of
18 Corporations Code section 25230, and continued to operate as an investment adviser after the
19 Commissioner issued the Order revoking his certificate to act as an investment adviser.

20
21 12. In 1995, McNabb, under the business name of Scavenger Leasing Company, offered
22 and sold investment contracts in the form of computer equipment lease backs. In 1998, McNabb
23 offered and sold securities in the form of promissory notes that were issued to the investors in the
24 equipment lease backs in exchange for the prior investments in the lease backs.

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26 13. These securities were offered or sold in this state in issuer transactions. The
27 Department of Corporations has not issued a permit or other form of qualification authorizing any
28 person to offer and sell these securities in this state.

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Based upon the foregoing findings, the Commissioner is of the opinion that Robin Bruce McNabb and RKM Financial Group conducted business as an investment adviser without having secured from the Commissioner a certificate, then in effect, authorizing them to act in that capacity in violation of Corporations Code section 25230. Pursuant to Corporations Code section 25532, Robin Bruce McNabb and RKM Financial Group are hereby ordered to desist and refrain from conducting business as an investment adviser in the State of California, unless and until certification has been made under said law or unless exempt.

In addition, based upon the foregoing findings, the California Corporations Commissioner is of the opinion that the equipment lease backs and promissory notes are securities subject to qualification under the California Corporate Securities Law of 1968 and are being or has been offered or sold without being qualified in violation of Corporations Code section 25110. Pursuant to section 25532 of the Corporate Securities Law of 1968, Robin Bruce McNabb and Scavenger Leasing Company are hereby ordered to desist and refrain from the further offer or sale in the State of California of securities in the form of an investment contract or promissory note, unless and until qualification has been made under the law.

Dated: January 18, 2006
Sacramento, California

WAYNE STRUMPFER
Acting California Corporations Commissioner

By _____
ALAN S. WEINGER
Acting Deputy Commissioner
Enforcement Division