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

TO: Craig M. Shults  
Craig M. Shults, Equities & Investments, Inc.  
5192 Pearce Drive  
Huntington Beach, California 92649

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

The California Corporations Commissioner finds that:

1. Craig M. Shults, Equities & Investments, Inc., (“Craig Equities”) is a Nevada Corporation, which maintains its office at 5192 Pearce Drive, Huntington Beach, California 92649. Craig Equities is purportedly a real estate acquisition and investment company that engages in the business of acquiring and managing real estate projects. Craig M. Shults (“Shults”) is its president and owner.

2. Beginning in or about at least April 2005 to the present, Craig Equities and Shults offered or sold securities worth at least \$200,000 to at least one investor. The securities being offered or sold were in the form of investment contracts in Craig Equities.

3. In or about April 2005, Craig Equities and Shults entered into a written agreement (“Agreement”) with an investor under which the investor agreed to purchase a security in the form of an investment contract in Craig Equities for \$200,000. The Agreement provided that Craig Equities and Shults would use the investor’s money to, among other things, acquire property and refinance and refurbish the property prior to selling or renting out the property. Further, the Agreement stipulated that the investor would receive 10% interest as a return on the investor’s initial capital, on each property that was acquired and refinanced. The 10% interest was to be paid to the investor once a refinance or loan transaction on an acquired property was closed or completed. In addition, Shults told the investor that they refinanced or sold an average of three properties in a year. Shults projected an annual return of \$60,000 on the investor’s investment.

1           4.       The purported purpose of the offering was to raise funds in furtherance of Craig  
2 Equities and Shults's planned business, including but not limited to, acquiring and managing real  
3 estate projects.

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

7           6.       Craig Equities and Shults offered and sold securities in Craig Equities by means of  
8 communications that included an omission to disclose material facts and/or misrepresentation of  
9 material facts, including but not limited to failing to inform the investor that properties purchased  
10 under the Agreement would be purchased in Craig Shults' individual name as his sole and separate  
11 property.

12           Based on the foregoing findings, the California Corporations Commissioner is of the opinion  
13 that the securities that were offered or sold in the form of investment contracts in Craig Equities is a  
14 security subject to qualification under the California Corporate Securities Law of 1968, and is being  
15 or has been offered or sold without being qualified in violation of Section of 25110 of the Corporate  
16 Securities Law of 1968. Pursuant to Section 25532 of the Corporate Securities Law of 1968, Craig  
17 M. Shults and Craig M. Shults, Equities & Investments, Inc., are hereby ordered to desist and refrain  
18 from the further offer or sale in the State of California of securities, including but not limited to  
19 investment contracts in Craig M. Shults, Equities & Investments, Inc., unless and until qualification  
20 has been made under the law or unless exempt.

21           Further, the California Corporations Commissioner is of the opinion that Craig Equities  
22 securities were offered or sold in this state by means of written or oral communications which  
23 included an untrue statement of a material fact or omitted to state a material fact necessary in order  
24 to make the statements made, in the light of the circumstances under which they were made, not  
25 misleading, in violation of section 25401 of the Corporate Securities Law of 1968. Pursuant to  
26 Section 25532 of the Corporate Securities Law of 1968, Craig M. Shults and Craig M. Shults,  
27 Equities & Investments, Inc., are hereby ordered to desist and refrain from offering or selling or  
28 buying or offering to buy any security in the State of California, including but not limited to,

1 investment contracts in Craig Equities, by means of written or oral communication which includes  
2 an untrue statement of a material fact or omits to state a material fact necessary in order to make the  
3 statements made, in the light of the circumstances under which they were made, not misleading.

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

6 Dated: August 31, 2006  
7 Los Angeles, CA

PRESTON DUFAUCHARD  
Corporations Commissioner

8  
9 By \_\_\_\_\_  
10 ALAN S. WEINGER  
11 Supervising Attorney  
12 Enforcement Division  
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