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

TO: Sleepwell Laboratories, Inc.  
David Kaye, President  
Brent LaMar, Vice President of Investor Relations  
20300 Ventura Boulevard Suite 330  
Encino, California 91316  
And  
17555 Ventura Boulevard, Suite 200  
Encino, California 91316.

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

The California Corporations Commissioner finds that:

1. Sleepwell Laboratories, Inc. (“Sleepwell”) is a California Corporation formed January 22, 2003 with a business address registered with the California Secretary of State of 20300 Ventura Boulevard, Suite 330, Woodland Hills, California 91364. Sleepwell’s actual business address was 17555 Ventura Boulevard, Suite 200, Encino, California 91316 according to documents provided to investors in Sleepwell. Sleepwell purportedly engaged in the business of operating sleep test centers to test for sleeping disorders and uses rented hotel rooms as testing centers.

2. David Kaye is the President and Chief Executive Officer of Sleepwell. He is also listed in records on file with the California Secretary of State as a President and the Agent For Service of Process of Sleepwell Insomnia Centers, Inc., Sleepwell Financial, Inc., First Hollywood Films, LLC and Strategic Financial Advisors, Inc. All the companies have the registered business address of 17555 Ventura Boulevard, Suite 200, Encino, California 91316. First Hollywood Films, LLC with the assistance of David Kaye and Strategic Financial Advisors Inc., previously sold securities in or

1 about 2001 to raise money to invest in the adult film industry to produce and distribute six full-length  
2 adult films in partnership with Jill Kelly Productions.

3 3. Brent LaMar represented to investors in Sleepwell that he was a Vice President of Investor  
4 Relations at Sleepwell Laboratories, Inc., in or about March of 2004.

5 4. Beginning in or about March of 2004 Sleepwell, Brent Lamar and David Kaye offered and  
6 sold shares of stock in Sleepwell to California residents by means of unsolicited phone calls to  
7 persons with whom they had no prior relationship. The shares were "Series B 6% Convertible  
8 Redeemable Preferred Stock" at \$2.50 per share with a reported minimum investment of 8,000  
9 shares. The offering materials described the companies' principal investment objectives were to  
10 operate a national chain of Sleep Labs located in first class hotels and earn profits from testing  
11 patients suspected of having sleep disorders and selling prescribed medical equipment to treat such  
12 sleep disorders.

13 5. Included in the offering materials provided to potential investors by Sleepwell was a  
14 document entitled "Quick Overview" which stated that

15 "there are 8 solid reasons why this has to be in your portfolio...  
16 1<sup>st</sup>.. and for most again, the IPO is slated for mid 2005... that's in writing....  
17 2..6%...guarantee w/principle protected...til the IPO.. liquidity is no problem...  
18 8.. Finally, LIQUIDITY. What's the worst thing that can happen here? You lose all  
19 your money. NO! You're locked in the stock for the next 3 years. NO! The worst  
20 thing that can happen is the company buys your stock back at a 15% premium, plus  
21 your still making 6% income. That's the worst thing that can happen. Would you be  
22 O.K. with that?"

23 6. The shares of stock in Sleepwell offered and sold by Sleepwell, Brent Lamar and David  
24 Kaye constitute securities. The Department of Corporations has not issued a permit, license or other  
25 form of authorization, approval or qualification to allow any person to offer and sell shares of stock  
26 in Sleepwell.  
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1           7. Sleepwell, Brent Lamar and David Kaye offered and sold securities in the form of shares  
2 of stock in Sleepwell by means of written and oral communications which included untrue statements  
3 of material fact and which omitted to state material facts necessary in order to make the statements  
4 made, in the light of the circumstances under which they were made, not misleading. The material  
5 misstatements and omissions made include the false statements made in the document sent to  
6 investors entitled "Quick Overview" referred to above that Sleepwell would have an initial public  
7 offering (IPO) in 2005, that investors would receive 6% until the IPO with their principal protected,  
8 that the investor could not lose their money and the worst thing that could happen is the company  
9 would buy their stock back at a 15% premium, plus they would still make 6% income. In fact  
10 Sleepwell did not have an IPO in 2005 or any other time, did not pay 6%, refused to buy the stock  
11 back at a 15% premium, and later told the investor that all the money they had invested in Sleepwell  
12 was lost.  
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15           Based upon the foregoing findings, the California Corporations Commissioner is of the  
16 opinion that shares of stock in Sleepwell constitute securities, which are subject to qualification under  
17 the California Corporate Securities Law of 1968, and that these securities have been offered and sold  
18 without being qualified in violation of section 25110 of the Corporations Code and are not exempt.  
19 Pursuant to Corporations Code section 25532, Sleepwell Laboratories, Inc., Brent Lamar and David  
20 Kaye are hereby ordered to desist and refrain from the further offer or sale in the State of California  
21 of securities, including but not limited to stock in Sleepwell Laboratories, Inc., unless and until  
22 qualification has been made under the California Corporate Securities Law or unless exempt.  
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24           The California Corporations Commissioner is further of the opinion that Sleepwell  
25 Laboratories, Inc., Brent LaMar and David Kaye offered and sold securities, including but not limited  
26 to shares of stock, by means of written and oral communications including untrue statements of  
27 material fact and omissions of material facts necessary to make the statements not misleading, in  
28 violation of section 25401 of the Corporations Code. Pursuant to section 25532 of the Corporate

1 Securities Law of 1968, Sleepwell Laboratories, Inc., Brent Lamar and David Kaye are hereby  
2 ordered to desist and refrain from offering or selling any security in the State of California, including  
3 but not limited to shares of stock in Sleepwell, by means of any written or oral communication which  
4 includes an untrue statement of a material fact or omits to state a material fact necessary in order to  
5 make the statements made, in the light of the circumstances under which they were made, not  
6 misleading.

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

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10 Dated: March 28, 2007  
11 Los Angeles, California

12 PRESTON DuFAUCHARD  
13 California Corporations Commissioner

14 By \_\_\_\_\_  
15 ALAN S. WEINGER  
16 Lead Corporations Counsel

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