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

**TO:** Stephen B. Callahan, aka Steve Callahan  
Tamalpa Investment Company  
Advanced Capital Management  
  
P.O. Box 1208  
Julian, CA 92036  
  
109C Seminary Drive  
Mill Valley, CA 94941

**DESIST AND REFRAIN ORDER**  
**(For violations of section 25110, 25210, 25230 and 25401 of the Corporations Code)**

The California Corporations Commissioner finds that:

1. At all relevant times, Stephen B. Callahan, also known as Steve Callahan (hereinafter, “Callahan”), was the general partner of Tamalpa Investment Company, a limited partnership (hereinafter “Tamalpa”).
2. At all relevant times, Callahan was the sole owner of Advanced Capital Management (hereinafter “ACM”), a business entity, the form of which is presently unknown.
3. Beginning in or about February 1999, Callahan, Tamalpa and ACM offered or sold securities in the State of California in the form of investment contracts representing Units of Limited Partnership Interest in Tamalpa.
4. The purported purpose of the Tamalpa partnership was to invest in S&P 500 indexed funds.

1 5. Callahan, Tamalpa and ACM offered or sold securities in the form of investment contracts  
2 representing Units of Limited Partnership Interest in Tamalpa in the amount of \$230,000 to at least  
3 one investor.

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

8  
9 7. Neither Callahan, Tamalpa nor ACM had a valid broker-dealer certificate issued by the  
10 Department of Corporations or the U.S. Securities and Exchange Commission (SEC) at any time  
11 since at least 1981.

12  
13 8. Beginning in or about February 1999, Callahan, Tamalpa and ACM provided discretionary  
14 investment advice to at least one investor in connection with the Units of Limited Partnership Interest  
15 in Talmapa.

16  
17 9. Callahan, Tamalpa and ACM received compensation for the investment advisory services  
18 they provided to one or more investors.

19  
20 10. Neither Callahan, Tamalpa nor ACM had a valid investment adviser certificate issued by the  
21 Department of Corporations or the U.S. Securities and Exchange Commission (SEC) at any time  
22 since at least 1981.

23  
24 11. In connection with these offers and sales, Callahan, Tamalpa and ACM represented to at least  
25 one investor that:

26 a. Callahan, Tamalpa and ACM bought only S&P 500 indexed funds.

27 b. Tamalpa Investment Company had consistently outperformed the S&P 500 stocks  
28 since 1993.

1 c. In 1998, Tamalpa Investment Company had \$16,422,604 in total assets, and a net  
2 income of \$3,172,848.

3  
4 12. In connection with these offers and sales, Callahan, Tamalpa and ACM failed to disclose to at  
5 least one investor that:

6 a. In November 1998, a civil complaint was filed against Callahan, Tamalpa and ACM  
7 by a former investor in Tamalpa, Lucinda Hampton, for breach of contract and fraud in connection  
8 with a \$30,000 investment Hampton made with Callahan. A default judgment against Callahan,  
9 Tamalpa, and ACM was entered on January 13, 1999.

10 b. In June of 1990, a civil complaint was filed against Callahan by a former investor,  
11 Cecilia Alighieri, for misrepresentations in the sale of securities. The matter was dismissed with  
12 prejudice in December 1991.

13 c. In January 1989, a civil complaint was filed against Callahan by a former investor,  
14 Edwin Ducayet, for fraud and deceit in connection with Ducayet's \$200,000 investment with  
15 Callahan. The matter was settled out of court and dismissed with prejudice in January 1990.

16  
17 Based upon the foregoing findings, the California Corporations Commissioner is of the  
18 opinion that the investment contracts representing Units of Limited Partnership Interest in Tamalpa  
19 Investment Company are securities subject to qualification under the California Corporate Securities  
20 Law of 1968 and are being or have been offered or sold without being qualified in violation of  
21 Corporations Code section 25110. Pursuant to section 25532 of the Corporate Securities Law of  
22 1968, Callahan, Tamalpa and ACM are hereby ordered to desist and refrain from the further offer or  
23 sale in the State of California of securities, including but not limited to investment contracts, unless  
24 and until qualification has been made under the law.

25  
26 In addition, based upon the foregoing, the California Corporations Commissioner is of the  
27 opinion that Callahan, Tamalpa and ACM have effected transactions in securities as broker-dealers  
28 without having first applied for and secured from the Commissioner a certificate authorizing these

1 persons to act in that capacity, in violation of section 25210 of the Corporate Securities Law of 1968.  
2 Pursuant to section 25532 of the Corporate Securities Law of 1968, Callahan, Tamalpa and ACM are  
3 hereby ordered to desist and refrain from effecting any transaction in, or inducing or attempting to  
4 induce the purchase or sale of, any security in this state, unless and until they have applied for and  
5 secured from the Commissioner a certificate, then in effect, authorizing these persons to act in that  
6 capacity.

7  
8 Also, based upon the foregoing findings, the California Corporations Commissioner is of the  
9 opinion that Callahan, Tamalpa and ACM have conducted business as investment advisers in this  
10 state without first applying for and securing from the commissioner a certificate authorizing them to  
11 do so, in violation of section 25230 of the Corporate Securities Law of 1968. Pursuant to section  
12 25532 of the Corporate Securities Law of 1968, Callahan, Tamalpa and ACM are hereby ordered to  
13 desist and refrain from acting as investment advisers in the State of California unless and until they  
14 have first applied for and secured from the Commissioner a certificate, then in effect, authorizing  
15 them to act as investment advisers.

16  
17 Further, the California Corporations Commissioner is of the opinion that the securities  
18 representing Units of Limited Partnership Interest in Talmapa Investment Company were offered or  
19 sold in this state by means of written or oral communications which included an untrue statement of a  
20 material fact or omitted to state a material fact necessary in order to make the statements made, in the  
21 light of the circumstances under which they were made, not misleading, in violation of section 25401  
22 of the Corporate Securities Law of 1968. Pursuant to section 25532 of the Corporate Securities Law  
23 of 1968, Callahan, Tamalpa and ACM are hereby ordered to desist and refrain from offering or  
24 selling or buying or offering to buy any security in the State of California, including but not limited to  
25 investment contracts, by means of any written or oral communication which includes an untrue  
26 statement of a material fact or omits to state a material fact necessary in order to make the statements  
27 made, in the light of the circumstances under which they were made, not misleading.

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

Dated: March 8, 2005  
Sacramento, California

WILLIAM P. WOOD  
California Corporations Commissioner

By: \_\_\_\_\_  
WAYNE STRUMPFER  
Acting Deputy Commissioner  
Enforcement Division