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

**TO: David M. Upton**  
**FocusCore, Inc.**  
**28202 Cabot Road, Suite 300**  
**Laguna Niguel, CA 92677**

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

The California Corporations Commissioner finds that:

1. At all relevant times, FocusCore, Inc. ("FocusCore") is or was a Delaware corporation, formed in May 2000.
2. At all relevant times David M. Upton ("Upton") is or was President of FocusCore.
3. Beginning in or about November 2000 and continuing to at least March 2002, Upton and FocusCore offered or sold securities in the form of convertible preferred stock and common stock purchase warrants in FocusCore.
4. Through unsolicited telephone calls of individuals in a 5,000,000 unit Private Placement Offering in Focus Core, Upton and FocusCore sold at least \$110,000.00 worth of convertible preferred stock and common stock purchase warrants to investors.
5. The purported purpose of FocusCore was to provide server-based computing services for small to medium businesses as an application service provider. The estimated use of proceeds in the Private Placement Offering was to pay the expenses of the offering, to establish a data center, to fund software and hardware contracts and commence the marketing of their services. Any excess funds would be used for working capital.
6. These securities were offered or sold in this state in issuer transactions. The Department of Corporations has not issued a permit or other form of qualification authorizing any person to offer and sell these securities in this state.

1           Based on the foregoing findings, the California Corporations Commissioner is of the  
2 opinion that the convertible preferred stock and common stock purchase warrants in  
3 FocusCore are securities subject to qualification under the California Corporate Securities  
4 Law of 1968 and are being or have been offered or sold without being qualified. Pursuant to  
5 Section 25532 of the Corporate Securities Law of 1968, David M. Upton and FocusCore,  
6 Inc., are hereby ordered to desist and refrain from the further offer or sale in the State of  
7 California of securities in the form of convertible preferred stock and common stock  
8 purchase warrants, unless and until qualification has been made under said law. The sale  
9 of such securities is subject to qualification under said law and such securities are being or  
10 have been offered for sale without first being so qualified.

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.

14 Dated: February 26, 2004

15           Los Angeles, California

17                           WILLIAM P. WOOD  
18                           California Corporations Commissioner

19  
20                           By \_\_\_\_\_  
21                           ALAN WEINGER  
22                           Supervising Counsel  
23                           Enforcement and Legal Services  
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