

**BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE
FOR THE STATE OF TENNESSEE AT NASHVILLE**

**TENNESSEE SECURITIES DIVISION,)
Petitioner,)**

vs.

No.: 12.06-007788J

**PACIFIC CORTEZ SECURITIES, INC.,)
f/k/a LA JOLLA CAPITAL CORP.,)
Respondent.)**

AGREED ORDER

The Tennessee Securities Division (hereinafter the "Division"), and Pacific Cortez Securities, Inc. agree to the entry of this Agreed Order in accordance with the Tenn. Code Ann. § 48-2-116 of the Tennessee Securities Act of 1980, as amended, Tenn. Code Ann. §§ 48-2-101, *et seq.*, which provides that the Commissioner of Commerce and Insurance from time to time may make such orders as are necessary to carry out the provisions of the Act.

FINDINGS OF FACT

1 The Tennessee Securities Act of 1980, as amended, Tenn. Code Ann. §§ 48-2-101, *et seq.* (hereinafter the "Act"), places the responsibility for the administration of the Act on the Commissioner of Commerce and Insurance (hereinafter the "Commissioner"). The Division is the lawful agent through which the Commissioner discharges this responsibility. Tenn. Code Ann. § 48-2-115.

2. Pacific Cortez Securities, Incorporated (hereinafter referred to as "Pacific"), is a corporation organized under the laws of Nevada with their principal place of business being 4475 Mission Boulevard, Suite J, San Diego, California 92109. Pacific has been registered with this

Division as a broker-dealer since April 22, 1993. Pacific was formerly known as La Jolla Capital Corporation;

3. On or around January 14, 1999, the San Diego Superior Court ordered that Pacific be subject to a preliminary injunction and appointed a receiver to oversee Pacific's affairs. The Court appointed Dennis B. Schmucker as the receiver of Pacific. The Court found Pacific to have violated numerous securities laws, including misrepresentations, unsuitability, unjust and inequitable principles of trade, and unauthorized trading.

4. On or around May 10, 1999, the Maryland Securities Division, by order, revoked Pacific's broker-dealer registration. The Maryland order was based upon the action taken by the San Diego Superior Court.

5. Pacific admits to the above Findings of Fact, and also admits that such activities allow for the revocation of its broker-dealer registration pursuant to Tenn. Code Ann. § 48-2-108. Pacific hereby also acknowledges the Commissioner's authority to administer said statute and concedes that the Commissioner's interpretation of the statute is reasonable and enforceable. Therefore, Pacific, in order to avoid any further expenses or costs associated with litigating this matter, hereby desires to enter into this Agreed Order.

CONCLUSIONS OF LAW

6. Pursuant to Tennessee Code Annotated § 48-2-115(a), the responsibility for the administration of the Act is upon the Commissioner. The Division is the lawful agent through which the Commissioner discharges this responsibility.

7. Pursuant to Tennessee Code Annotated § 48-2-116, the Commissioner may make, promulgate, amend, and rescind such orders as are necessary to carry out the provisions of this Act

and that such order is in the public interest, necessary for the protection of investors and consistent with the purposes fairly intended by the policy and provision of the Act.

8. Tennessee Code Annotated § 48-2-112(a)(2)(D) provides that the Commissioner may by order deny, suspend or revoke any registration under this part if the Commissioner finds that the order is in the public interest and necessary for the protection of investors, and the registrant or, in the case of a broker dealer, any affiliate, partner, officer, director or any person occupying a similar status or performing similar functions is permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of the securities business or any investment-related business.

9. Tennessee Code Annotated § 48-2-112(a)(2)(F) provides that the Commissioner may by order deny, suspend or revoke any registration under this part if the Commissioner finds that the order is in the public interest and necessary for the protection of investors, and the registrant or, in the case of a broker dealer, any affiliate, partner, officer, director or any person occupying a similar status or performing similar functions is the subject of any order entered within the past ten (10) years by the securities administrator of any other jurisdiction or by the securities and exchange commission or any other federal or state agency having jurisdiction over investment-related businesses denying or revoking any registration as a broker-dealer or the substantial equivalent of those terms as defined in this part, or is the subject of an order suspending or expelling such person from a national securities exchange or national securities association registered under the Securities Exchange Act of 1934, as amended; provided that the Commissioner may not institute a revocation or suspension proceeding under this subdivision more than one (1) year from the date of the order relied on, or enter an order under this subdivision on the basis of an order under another

jurisdiction's act unless that order was based on facts which would currently constitute a ground for an order denying or revoking registration under this part.

10. Based upon the findings of fact cited above and the conclusions of law contained herein, the Commissioner finds sufficient grounds under the provisions of Tenn. Code Ann. §§ 48-2-112(a)(2)(D) and (a)(2)(F) for the imposition of sanctions against Pacific.

ORDER

NOW, THEREFORE, on the basis of the foregoing, and the waiver by Pacific of its rights to a hearing and appeal under the Tennessee Securities Act and Tennessee's Uniform Administrative Procedures Act, Tennessee Code Annotated §§ 4-5-101, *et seq.*, and the admission by Pacific of the jurisdiction of the Commissioner, the Commissioner finds that Pacific has consented to the entry of this Order and that the following Order is appropriate, in the public interest and necessary for the protection of investors.

IT IS ORDERED, pursuant to Tennessee Code Annotated § 48-2-116 of the Tennessee Securities Act that

The broker-dealer registration granted to Pacific Cortez, Inc., is hereby revoked.

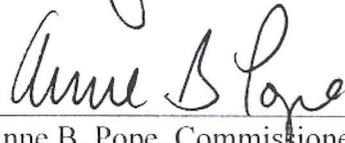
IT IS FURTHER ORDERED that this Order represents the complete and final resolution of, and discharge with respect to all administrative and civil, claims, demands, actions and causes of action by the Commissioner against Pacific for violations of the Act.

This Agreed Order is in the public interest and in the best interests of the parties, and represents a compromise and settlement of the controversy between the parties and is for settlement purposes only. By the signatures affixed below, Pacific affirmatively states that it has freely agreed

to the entry of this Agreed Order, that it has been advised that they may consult legal counsel in this matter, and has had the opportunity to consult with legal counsel should it have desired to do so, that it waives its right to a hearing on the matters underlying this Agreed Order and to a review of the Findings of Fact and Conclusions of Law contained herein, and that no threats or promises of any kind have been made by the Commissioner, the Division, or any agent or representative thereof. The parties, by signing this Agreed Order, affirmatively state their agreement to be bound by the terms of this Agreed Order and aver that no promises or offers relating to the circumstances described herein, other than the terms of settlement set forth in this Agreed Order, are binding upon them.

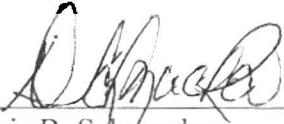
SO ORDERED.

Entered this the 4th day of May, 2000.

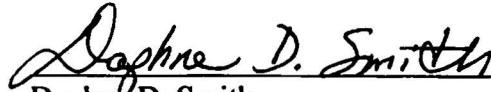


Anne B. Pope, Commissioner
Department of Commerce and Insurance

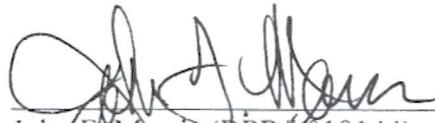
APPROVED FOR ENTRY:



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