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FILED

Clerk of the Superior Court

APR 27 2012

By: L. SAN NICOLAS, Deputy

SUPERIOR COURT OF THE STATE OF CALIFORNIA  
FOR THE COUNTY OF SAN DIEGO

THE PEOPLE OF THE STATE OF CALIFORNIA, by and through the California Corporations Commissioner,

Plaintiff,

vs.

RMC CAPITAL MANAGEMENT, INC., a California corporation; BURGESS NATHANIEL HALLUMS, an individual; INNOVATION FUND 2000, LLC, a California limited liability company; SEGUE CAPITAL, INC., a California corporation; PACIFIC PHOENIX COMMUNITIES, LLC, a California limited liability company; and DOES 1-10, inclusive,

Defendants,

and

IMMCAPNMOTION, INC., a Delaware corporation; MISTNET MEDICAL DEVICES, INC., a Delaware corporation; MAGNETO INERTIAL SENSING TECHNOLOGY, INC., aka, MIST, a Nevada corporation; MIST NET, INC., an entity of unknown form; MIST, INC., an entity of unknown form; TWIN DEVELOPMENT, LLC, a California limited liability company; THORNTON CAPITAL ADVISORS, INC., a California corporation; DONALD J. COURTNEY, an individual; WALLACE BENWARD, an individual; and RELIEF DOES 1-10, inclusive,

Relief Defendants.

Case No.: 37-2011-00103198-CU-MC-CTL

~~[PROPOSED]~~ ORDER FOR PRELIMINARY INJUNCTION; CONFIRMING APPOINTMENT OF RECEIVER; AND FREEZING OF ASSETS

IMAGED FILE

Judge: Hon. William S. Dato  
Dept: C-67

Date Action Filed: December 30, 2011

1 The Court having read and considered Plaintiff’s motion, memorandum of points and  
2 authorities, complaint, declarations and exhibits, Defendant BURGESS NATHANIEL  
3 HALLUMS’ statement of non-opposition to the OSC RE: Preliminary Injunction, Defendants  
4 RMC CAPITAL MANAGEMENT, INC., INNOVATION FUND 2000, LLC, SEGUE CAPITAL,  
5 INC., and PACIFIC PHOENIX COMMUNITIES, LLC’s Stipulation to Entry of Preliminary  
6 Injunction, and all other evidence presented, and good cause appearing therefore, the California  
7 Corporations Commissioner’s (“Commissioner”) request for a preliminary injunction,  
8 confirmation of appointment of a receiver and freezing of assets is GRANTED:

9 **I.**

10 **ORDER FOR PRELIMINARY INJUNCTION**

11 IT IS HEREBY ORDERED THAT:

12 Defendants RMC CAPITAL MANAGEMENT, INC., BURGESS NATHANIEL  
13 HALLUMS and INNOVATION FUND 2000, LLC, and their agents, partners, representatives,  
14 servants and employees, and all persons in active concert or participation with them shall be and  
15 are hereby preliminarily enjoined from directly or indirectly:

16 1. Violating Corporations Code section 25235 by directly or indirectly, engaging in  
17 any act, practice, or course of business which is fraudulent, deceptive, or manipulative, including  
18 but not limited to, operating a Ponzi scheme, misusing clients funds, and employing fraudulent  
19 practices and engaging in transactions that operate as a fraud to the detriment of clients;

20 2. Violating Corporations Code section 25238 and California Code of Regulations  
21 section 260.238 by engaging in investment advisory activities in an unfair, inequitable and  
22 unethical manner, including but not limited to failing to disclose material facts about their  
23 representatives, and misrepresenting or omitting to state a material fact about fees for the advisory  
24 services;

25 3. Violating Corporations Code section 25241 and California Code of Regulations  
26 section 260.241.3 by maintaining false and inaccurate books and records;

27 4. Violating Corporations Code section 25404 by knowingly making an untrue  
28 statement to the Commissioner during the course of her investigation and examination, with the

1 intent to impede, obstruct, or influence the administration or enforcement of CSL; and

2 5. Violating California Code of Regulations section 260.237, by failing to have  
3 clients' funds and securities audited and failing to provide itemized statements to clients.

4 IT IS FURTHER ORDERED THAT:

5 Defendants BURGESS NATHANIEL HALLUMS, INNOVATION FUND 2000, LLC,  
6 SEGUE CAPITAL, INC., and PACIFIC PHOENIX COMMUNITIES, LLC, and their agents,  
7 partners, representatives, servants and employees, and all persons in active concert or participation  
8 with them shall be and are hereby preliminarily enjoined from:

9 1. Violating Corporations Code section 25401 by offering to sell or selling any  
10 security of any kind, including, but not limited to, membership interests in a limited liability  
11 company, by means of any written or oral communication which includes any untrue statement of  
12 material fact or omits or fails to state any material fact necessary in order to make the statements  
13 made, in the light of the circumstances under which they are made, not misleading.

14 IT IS FURTHER ORDERED THAT:

15 Defendants RMC CAPITAL MANAGEMENT, INC., INNOVATION FUND 2000, LLC,  
16 SEGUE CAPITAL, INC., and PACIFIC PHOENIX COMMUNITIES, LLC, and their agents,  
17 partners, representatives, servants and employees, and all persons in active concert or participation  
18 with them shall be and are hereby preliminarily enjoined from:

19 1. Removing, destroying, mutilating, concealing, altering, transferring, or otherwise  
20 disposing of, in any manner, any books, records, computer programs, computer files, computer  
21 printouts, correspondence, brochures, manuals, or any other "writing" or "document" of any kind  
22 as defined under California Evidence Code section 250, relating to the transactions and course of  
23 conduct as alleged in the First Amended Complaint, unless authorized by this Court; and

24 2. Withdrawing from any bank account or disposing of any real or personal property,  
25 derived or purchased from clients' funds, in their possession, custody, or control, without leave of  
26 the Court.

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**II.**

**ORDER CONFIRMING APPOINTMENT OF RECEIVER**

IT IS FURTHER ORDERED THAT:

Eric J. Benink continues as the Court-Appointed Receiver over Defendants RMC CAPITAL MANAGEMENT, INC., BURGESS NATHANIEL HALLUMS, INNOVATION FUND 2000, LLC, SEGUE CAPITAL, INC., PACIFIC PHOENIX COMMUNITIES, LLC, (collectively, “DEFENDANTS”), and Relief Defendants IMMCAPNMOTION, INC., MISTNET MEDICAL DEVICES, INC., MAGNETO INERTIAL SENSING TECHNOLOGY, INC., aka, MIST, and THORNTON CAPITAL ADVISORS, INC. (collectively, “RELIEF DEFENDANTS”) with all of the powers, duties, and responsibilities set forth in the Court’s January 10, 2012 order entitled “Temporary Restraining Order; Freezing of Assets; Appointing A Receiver; and Order to Show Cause Re: Preliminary Injunction, Appointment of A Receiver and Freezing of Assets” and the Court’s February 9, 2012 order entitled “Order Modifying and Expanding Receivership Order.” (Copies of the January 10, 2012 order entitled “Temporary Restraining Order; Freezing of Assets; Appointing A Receiver; and Order to Show Cause Re: Preliminary Injunction, Appointment of A Receiver and Freezing of Assets” and the Court’s February 9, 2012 order entitled “Order Modifying and Expanding Receivership Order” are attached hereto as **Exhibit A.**)

**III.**

**ORDER CONFIRMING FREEZING OF ASSETS**

IT IS FURTHER ORDERED THAT:

The Court’s January 10, 2012 order entitled “Temporary Restraining Order; Freezing of Assets; Appointing A Receiver; and Order to Show Cause Re: Preliminary Injunction, Appointment of A Receiver and Freezing of Assets” and the Court’s February 9, 2012 order entitled “Order Modifying and Expanding Receivership Order” as to freezing of assets remain in full force and effect. (Copies of the orders are attached hereto as **Exhibit A.**)

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IT IS SO ORDERED:

Dated: April 27, 2012

WILLIAM S. DATO  
JUDGE OF THE SUPERIOR COURT

APPROVED AS TO FORM AND CONTENT, ENTRY REQUESTED:

BURGESS NATHANIEL HALLUMS

Dated: April 27, 2012

By: \_\_\_\_\_  
MICHAEL L. LIPMAN  
HEATHER U. GUERENA  
Attorneys for Defendant Burgess Nathaniel Hallums

APPROVED AS TO FORM AND CONTENT, ENTRY REQUESTED:

COURT-APPOINTED RECEIVER

Dated: April 27, 2012

By: \_\_\_\_\_  
ERIC J. BENINK  
On behalf of RMC Capital Management, Inc.,  
Innovation Fund 2000, LLC, Segue Capital, Inc.,  
Pacific Phoenix Communities, LLC