

1 a. Investors were not told that Kawaguchi and U.S. Railway were not licensed to
2 solicit investments;

3 b. Investors were not told that their investor money would be used by Kawaguchi
4 to pay his personal expenses and that none of their money would actually be invested;

5 c. Investors were not told that the corporate status of U.S. Railway was
6 suspended from March 1, 1994 through June 1, 2005; and

7 d. Kawaguchi showed investors corporate documents for U.S. Railway, leading
8 investors to believe that U.S. Railway was incorporated and legitimate.

9 Based on the foregoing findings, the California Corporations Commissioner is of the opinion
10 that the securities in the form of common stock in U.S. Railway offered and sold by Kawaguchi and
11 U.S. Railway are securities subject to qualification under the California Corporate Securities Law of
12 1968 (“CSL”) and are being or have been offered or sold without being qualified or exempt, in
13 violation of Section 25110 of the CSL.

14 Pursuant to Section 25532 of the CSL, Toshiaki Kawaguchi and U.S. Railway Research
15 Institute, Ltd. are hereby ordered to desist and refrain from the further offer or sale in the State of
16 California of securities, including, but not limited to common stock unless and until qualification has
17 been made under said law or unless exempt.

18 Further, the California Corporations Commissioner is of the opinion that the securities offered
19 and sold by Kawaguchi and U.S. Railway were offered and sold in this state by means of written or
20 oral communications that included untrue statements of material fact or omitted to state material facts
21 necessary in order to make the statements made, in the light of the circumstances under which they
22 were made, not misleading, in violation of section 25401 of the CSL.

23 Pursuant to Section 25532 of the Corporate Securities Law of 1968, Toshiaki Kawaguchi and
24 U.S. Railway Research Institute, Ltd. are hereby ordered to desist and refrain from offering or selling
25 or buying or offering to buy any security in the State of California, including, but not limited to,
26 common stock by means of any written or oral communication which includes an untrue statement of
27 a material fact or omits to state a material fact necessary in order to make the statements made, in the
28 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 California Securities Law.

Dated: June 14, 2006
Los Angeles, California

PRESTON DuFAUCHARD
California Corporations Commissioner

By _____
ALAN S. WEINGER
Supervising Counsel
Enforcement Division