

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

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5 6. In connection with the offers and sales of securities, Pike and Xyience misrepresented to
6 investors:

7 a. In Xyience's Private Placement Memorandum dated July 17, 2006, that "... in the
8 course of business [Xyience] has legal issues that arise; management does not believe there are any
9 material litigation to be concerned with." In fact, on June 22, 2006, Xyience shareholders GIG
10 Enterprises, L.L.C. and Maurice Owens filed a lawsuit in Nevada state court, Eighth Judicial District
11 for the County of Clark, alleging that Pike, Xyience and the Pike Family Trust engaged in civil
12 racketeering, breach of contract for the sale of stock, breach of the covenant of good faith and fair
13 dealing, and requested the appointment of a receiver over Xyience.

14 b. In Xyience's Private Placement Memoranda dated October 10, 2005, January 1, 2006,
15 February 10, 2006, July 17, 2006 and October 20, 2006, that Pike was a successful entrepreneur,
16 founding Advanced Cart Technology, Inc. and All Creative Technologies which "generated millions
17 in revenue prior to Russell [Pike] selling the business in the 90's." In fact, Advanced Cart
18 Technology, Inc. filed for bankruptcy on June 17, 1996 in U.S. Bankruptcy Court for the District of
19 Nevada, which was discharged on August 21, 1998.

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21 7. In connection with the offers and sales of securities, Xyience and Pike omitted to disclose to
22 investors that:

23 a. On February 10, 1998, the Mirage Casino-Hotel ("Mirage") filed a lawsuit in Nevada
24 state court, Eighth Judicial District for the County of Clark, against Pike alleging that over a two day
25 period in November 1995 Pike wrote three checks totaling \$300,000.00, made payable to Mirage,
26 from an account with insufficient funds. Pike failed to respond to Mirage's lawsuit which led to the
27 Nevada state court entering a default judgment against him on July 7, 1998 and ordering Pike to
28 repay Mirage \$300,000.00 plus interest.

1 b. On August 17, 1998, a group of Advanced Cart Technology, Inc. shareholders filed a
2 lawsuit in Nevada state court, Eighth Judicial District for the County of Clark, against Pike, the
3 founder, majority shareholder and director of Advanced Cart Technology, Inc., alleging that Pike
4 convinced them to invest through the use of false pretenses, false representations and fraud. On
5 March 10, 1999, Pike signed confessions of judgment awarding the shareholders a return of their
6 principal investment plus interest.

7 c. On July 9, 1997, Pike was indicted in U.S. District Court for the District of Nevada on
8 counts of bank fraud, money laundering and aiding and abetting, in connection with his operation of
9 Advanced Cart Technology, Inc. On October 13, 1998, Pike entered a guilty plea to the charge of
10 money laundering. On June 4, 1999, Pike was sentenced to 59 months in a federal prison, three years
11 of supervised release and was ordered to pay restitution of \$2,367,146.00.

12 d. On June 17, 1996, Advanced Cart Technology, Inc. filed for bankruptcy in U.S.
13 Bankruptcy Court for the District of Nevada, which was discharged on August 21, 1998.

14 e. On June 11, 1996, Pike filed for bankruptcy in the U.S. Bankruptcy Court for the
15 District of Nevada. On October 7, 1998, in relation to this bankruptcy, Shuffle Master Gaming was
16 awarded \$4,249,785.23 by the U.S. Bankruptcy Court in a default judgment against Pike.

17 f. On February 14, 1996, PriMerit Bank Federal Savings Bank ("PriMerit") filed a
18 lawsuit in Nevada state court, Eighth Judicial District for the County of Clark, against Pike and
19 Advanced Cart Technology, Inc. alleging that they defaulted on more than \$2,400,000.00 in loans.
20 PriMerit further alleged that Pike was depleting the collateral for the loans and that over
21 \$5,000,000.00 in corporate assets could not be accounted for. Pike and Advanced Cart Technology,
22 Inc. failed to respond to PriMerit's lawsuit which led to the Nevada state court entering a default
23 judgment against them on May 30, 1996 and ordering Pike and Advanced Cart Technology, Inc. to
24 repay PriMerit \$2,435,258.60 plus interest.

25 g. On June 29, 1987, Pike was indicted in Superior Court of California, County of
26 Orange, on counts of grand theft and forgery. Pike pled guilty to both counts and was sentenced to
27 prison.

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1 Based upon the foregoing findings, the California Corporations Commissioner is of the
2 opinion that the common stock of Xyience Incorporated is a security subject to qualification under
3 the California Corporate Securities Law of 1968 (California Corporations Code section 25000 et seq.)
4 and is being or has been offered or sold without being qualified in violation of Corporations Code
5 section 25110. Pursuant to section 25532 of the Corporate Securities Law of 1968, Russell Craig
6 Pike and Xyience Incorporated are hereby ordered to desist and refrain from the further offer or
7 sale in the State of California of securities, including but not limited to common stock, unless and
8 until qualification has been made under the law or unless exempt.

9 In addition, the California Corporations Commissioner is of the opinion that the securities of
10 Xyience Incorporated were offered or sold in this state by means of written or oral communications
11 which included an untrue statement of a material fact or omitted to state a material fact necessary in
12 order to make the statements made, in the light of the circumstances under which they were made, not
13 misleading, in violation of section 25401 of the Corporate Securities Law of 1968. Pursuant to
14 section 25532 of the Corporate Securities Law of 1968, Russell Craig Pike and Xyience Incorporated
15 are hereby ordered to desist and refrain from offering or selling or buying or offering to buy any
16 security in the State of California, including but not limited to common stock, by means of any
17 written or oral communication which includes an untrue statement of a material fact or omits to state
18 a material fact necessary in order to make the statements made, in the light of the circumstances
19 under which they were made, not misleading.

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

22 Dated: September 10, 2007



23 PRESTON DuFAUCHARD
24 California Corporations Commissioner

25
26 By _____
27 ALAN S. WEINGER
28 Lead Corporations Counsel