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

TO: Dennis Lee Keating, II
Paseo Partners, LLC
1101 California Avenue
Corona, California 92881

445 Marine View Avenue
Del Mar, California 92014

DESIST AND REFRAIN ORDER

(For violations of sections 25110 and 25401 of the Corporations Code)

The California Corporations Commissioner finds that:

1. At all relevant times, Dennis Lee Keating, II (“Keating”) conducted business at 1101 California Avenue, Corona, California 92881 and 445 Marine View Avenue, Del Mar, California 92014, as a registered representative of a broker-dealer and as an equity partner of a broker-dealer.

2. At all relevant times, Paseo Partners, LLC (“Paseo Partners”), a Nevada limited liability company conducted business at 1101 California Avenue, Corona, California 92881 and 445 Marine View Avenue, Del Mar, California 92014. Keating was the managing member and the sole manager of Paseo Partners. Paseo Partners was purportedly formed to raise funds from investors for the purpose of assisting CalTex Holdings, LP (“CalTex”) with the acquisition of three idle power plants and a paper mill in the state of Texas.

3. At all relevant times, CalTex and Paseo Partners had a “Profits Agreement,” wherein CalTex granted and assigned to Paseo Partners the right to receive 30% of all profit attributable to the sale by CalTex of non ferrous scrap metals.

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1 4. At all relevant times, Keating formed and was the sole member of Sierra Mesa, LLC
2 (“Sierra Mesa”), a Nevada limited liability company. Sierra Mesa was a limited partner of CalTex.
3 Sierra Mesa was purportedly created to hold Keating’s interest in CalTex.

4 5. At all relevant times, World Wide Services, Inc., a company owned and operated by
5 Brad Smith and Gerald Poyner was a limited partner of CalTex. World Wide Services, Inc. was to be
6 a part owner of the three idle power plants and a paper mill in the state of Texas. In addition, World
7 Wide Services, Inc. was to dismantle these power plants and paper mill so that the scrap metal could
8 be sold.

9 6. Through a private placement offering, between September 2006 and April 2007,
10 Keating offered and/or sold securities, through a private placement offering, in the form of interests
11 in a limited liability company in Paseo Partners, amounting to approximately \$17.6 million.

12 7. While acting as a registered representative of a broker-dealer, Keating and Paseo
13 Partners offered and sold securities through general solicitations of fellow church members and
14 current clients.

15 8. The purported purpose of the offering was to assist CalTex in the acquisition of three
16 idle power plants and a paper mill located in the state of Texas. Thereafter, World Wide Services,
17 Inc. was to dismantle the facilities and sell the non-ferrous scrap metals.

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

21 10. In connection with the offers and/or sales in Paseo Partners, Keating and Paseo
22 Partners made untrue statements of material fact or omitted to state material facts necessary in order
23 to make the statements made, in the light of the circumstances under which they were made, not
24 misleading. These misrepresentations and/or omissions included, but are not limited to:

- 25 a. Keating failed to disclose to investors his relationships with Sierra Mesa, CalTex, and
26 Paseo Partners.
- 27 b. Keating failed to disclose to at least one investor the risks of the investment in Paseo
28 Partners, claiming that the investment was guaranteed.

1 c. Keating misrepresented to at least one investor that the investment principal would be
2 returned in three to six months.

3 Based on the foregoing findings, the California Corporations Commissioner is of the opinion
4 that the interests in a limited liability company being sold by Dennis Lee Keating, II and Paseo
5 Partners, LLC are securities subject to qualification under the California Corporate Securities Law of
6 1968 and are being or have been offered or sold without first being qualified. Pursuant to Section
7 25532 of the Corporate Securities Law of 1968, Dennis Lee Keating, II and Paseo Partners, LLC are
8 hereby ordered to desist and refrain from the further offer or sale of securities, in the State of
9 California, including but not limited to interests in a limited liability company, unless and until
10 qualification has been made under said law or unless exempt.

11 Further, the California Corporations Commissioner is of the opinion that the securities of
12 Paseo Partners, LLC were offered or sold in this state by means of written or oral communications
13 which included an untrue statement of a material fact or omitted to state a material fact necessary in
14 order to make the statements made, in the light of the circumstances under which they were made, not
15 misleading, in violation of Section 25401 of the Corporate Securities Law of 1968. Pursuant to
16 Section 25532 of the Corporate Securities Law of 1968, Dennis Lee Keating, II and Paseo Partners,
17 LLC are hereby ordered to desist and refrain from offering or selling or buying or offering to buy any
18 security in the State of California, including but not limited to interest in a limited liability company,
19 by means of any written or oral communication which includes an untrue statement of a material fact
20 or omits to state a material fact necessary in order to make the statements made, in the light of the
21 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 Corporate Securities Law of 1968.

Dated: May 5, 2010
Los Angeles, California

PRESTON DUFAUCHARD
California Corporations Commissioner

By _____
ALAN S. WEINGER
Deputy Commissioner
Enforcement Division