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

TO: First California Diversified Fund, LLC
Tom Kelly, Managing Director
12304 Santa Monica Blvd., Suite 300
Los Angeles, CA 90025

**DESIST AND REFRAIN ORDER
(For violations of sections 25110 and 25401 of the Corporations Code)**

The California Corporations Commissioner finds that:

1. Tom Kelly (“Kelly”) is designated as Managing Director of First California Diversified Fund, LLC, a limited liability company formed in September 2003 to fund the acquisition of undeveloped land located in north Los Angeles county for the development and management of gambling casinos and resort hotels.

2. Beginning in at least December 2004 and continuing through March 2005, Kelly and First California Diversified Fund, LLC, offered to sell securities in the form of limited liability company interest s (“shares”) to California residents by telephone solicitations and through the use of advertisements mailed to the prospective investors. The mailing received by the prospective investors indicated that the purpose of the offering was to raise \$7.5 million. Kelly and First California Diversified Fund, LLC offered to sell up to 300 shares at \$25,000 per share.

The securities were offered in this state in issuer transactions. The Department of Corporations has not issued a permit or other form of qualification authorizing any person to offer or sale these securities.

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1 Based upon the foregoing findings, the California Corporations Commissioner is
2 of the opinion that the offer to sell limited liability company interests is subject to
3 qualification under the California Securities Law of 1968 and are being or have been
4 offered or sold without being qualified in violation of California Corporations Code
5 section 25110.

6 In connection with the offers or sales of securities in the form of limited liability
7 company interest, Kelly and First California Diversified Fund, LLC, made, or caused to
8 be made, misrepresentations or omissions of material facts in connection with the
9 offers or sales of the securities to the public. The misrepresentations and/or
10 omissions of material facts include:

- 11 (1) Indian tribes are looking to acquire better located property, closer to
12 urban areas as an extension of the reservation;
- 13 (2) A Native American tribe, long indigenous to the area, has agreed to
14 participate;
- 15 (3) 150 tribes have a state mandated exclusive right to develop Las
16 Vegas style gambling casino resorts in the State of California; and
- 17 (4) There are no Indian casinos or established reservations
18 in Los Angeles County, and that Indian gambling casinos cannot be
19 built until the tribe and their land is federally recognized.

19 The California Corporations Commissioner is of the opinion that the securities
20 in the form of limited liability company interests that Kelly and First California
21 Diversities Fund, LLC offered or sold in this State were by means of written or oral
22 communications which included an untrue statement of a material fact or omitted to
23 state a material fact necessary in order to make the statements made, in the light of
24 the circumstances under which they were made, not misleading, in violation of
25 section 25401 of the Corporate Securities Law of 1968.

26 Pursuant to section 25532 of the California Corporations Code, Tom Kelly and
27 First California Diversified Fund, LLC, are hereby ordered to desist and refrain from
28 offering or selling any security in the State of California by means of any written or oral

1 communication which includes an untrue statement of a material fact or omits to state a
2 material fact necessary in order to make the statements made, in the light of the
3 circumstances under which they were made, not misleading.

4 Pursuant to Corporations Code section 25532, the California Corporations
5 Commissioner hereby orders First California Diversified Fund, LLC and Tom Kelly, to
6 desist and refrain from the further offer or sale of securities in the form of limited liability
7 company interests unless and until qualification has been made under the law or unless
8 exempt.

9 This Order is necessary, in the public interest, and for the protection of
10 consumers.

11 Dated: March 24, 2005
12 Los Angeles, California

13 WILLIAM P. WOOD
14 California Corporations Commissioner

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17 By _____

18 ALAN S. WEINGER,
19 Supervising Counsel
20 Enforcement Division

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