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

TO: James L. DeMers
Robert L. Carver, II
Lincoln Funds International, Inc.
695 Town Center Drive, Ste. 850
Costa Mesa, CA 92626

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

The California Corporations Commissioner finds that:

1. Lincoln Funds International, Inc. (“Lincoln Funds”) is a Nevada corporation and its business address is 695 Town Center Drive, Ste. 850, Costa Mesa, CA 92626. Since June 2006 James L. DeMers has been the President of Lincoln Funds. Between June 2006 and March 2008 Robert L. Carver, II was the Secretary of Lincoln Funds.

2. Beginning before January 21, 2008, Lincoln Funds, James L. DeMers, and Robert L. Carver, II have offered to sell securities in the form of stock.

3. The purported purpose of the solicitation has been to provide fund management and managed account services in alternative investments.

4. Lincoln Funds, James L. DeMers and Robert L. Carver, II have engaged in general solicitations to offer these securities for sale to the public by telephone.

5. These securities were offered in this state in issuer transactions. The Department of Corporations (“the Department”) has not issued a permit or other form of qualification authorizing any person or entity to offer and sell these securities in this state.

1 6. In connection with these offers, Lincoln Funds, James L. DeMers, and Robert L.
2 Carver, II omitted to disclose material facts, specifically the following:

3 a.) On September 26, 2005 the Department issued Orders denying an application for
4 an investment adviser certificate filed by Brookstone Capital, Inc. (“Brookstone Capital”) and barring
5 Robert L. Carver (the father of Robert L. Carver, II) from any position of employment, management
6 or control of any investment adviser, broker-dealer or commodity adviser. The Orders were based in
7 part on Robert L. Carver’s two 1994 felony convictions, one in the Los Angeles Superior Court for
8 making/passing fictitious checks and the other in Riverside County Superior Court for grand theft.

9 b.) On October 31, 2006 the Department issued a Desist and Refrain Order against
10 Brookstone Capital, Robert L. Carver, Brookstone Biotech Ventures, L.P., and Brookstone Biotech
11 Ventures II, L.P., for having engaged in general solicitations in violation of Corporations Code
12 section 25110 and for having failed to disclose to potential investors the prior Orders and felony
13 convictions in violation of Corporations Code section 25401.

14 c.) In an effort to bury any connection with the above referenced felonies and Orders,
15 beginning in June 2006, founder Robert L. Carver resigned as President of Brookstone Capital and
16 transferred his majority shares of stock in Brookstone Capital to his son Robert L. Carver, II, James
17 L. DeMers was made President and Robert L. Carver, II, was made Chief Financial Officer of
18 Brookstone Capital, a shell corporation was purchased and its name changed to Lincoln Funds, James
19 L. DeMers was made President and Robert L. Carver, II was made Secretary of Lincoln Funds, and
20 the assets of Brookstone Capital were then “purchased” by Lincoln Funds. The companies are
21 essentially the same, at all relevant times they have both specialized in alternative investments and
22 managed funds invested in the biotech industry, shared virtually the same shareholders, have had the
23 same majority shareholder in Robert L. Carver, II, and have shared employees operating out of the
24 same business offices at 695 Town Center Drive, Ste. 850, Costa Mesa, CA 92626.

25 d.) Beginning in January 2008 prospective investors in Lincoln Funds have been told
26 that they will make a profit when the company goes public within two years, but they are not told that
27 over two years ago prospective investors in Brookstone Capital were told to expect the same thing
28 and that did not occur within the two year period predicted.

1 e.) Neither Brookstone Capital nor Lincoln Funds kept adequate financial records.

2 Based on the forgoing findings, the California Corporations Commissioner is of the opinion
3 that investments offered by Lincoln Funds, James L. DeMers, and Robert L. Carver, II constitute
4 securities, which are subject to qualification under the California Corporate Securities Law of 1968,
5 and that these securities have been and are being offered without being qualified, and are not exempt,
6 in violation of Corporations Code section 25110.

7 Pursuant to Corporations Code section 25532, Lincoln Funds International, Inc., James L.
8 DeMers, and Robert L. Carver, II are hereby ordered to desist and refrain from the further offer or
9 sale in the State of California of securities, including but not limited to stock, unless and until
10 qualification has been made under the law or unless exempt.

11 Based on the forgoing findings, the California Corporations Commissioner is of the further
12 opinion that the securities were offered by means of written or oral communications that failed to
13 disclose material facts in violation of 25401 of the Corporations Code.

14 Pursuant to Corporations Code section 25532, Lincoln Funds International, Inc., James L.
15 DeMers, and Robert L. Carver, II are hereby ordered to desist and refrain from offering or selling or
16 buying or offering to buy securities in this state, including but not limited to 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 light of the circumstances under
19 which they are 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: May 29, 2008
23 Los Angeles, California

24 PRESTON DuFAUCHARD
California Corporations Commissioner

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