

STATE OF OKLAHOMA
DEPARTMENT OF SECURITIES
FIRST NATIONAL CENTER, SUITE 860
120 NORTH ROBINSON
OKLAHOMA CITY, OKLAHOMA 73102



In the Matter of:

Kalidy & Co. and Rabih Kalidy,

Respondents.

File No. ODS 09-006

ORDER TO CEASE AND DESIST
AND
NOTICE OF OPPORTUNITY FOR HEARING

Order to Cease and Desist

Pursuant to the Oklahoma Uniform Securities Act of 2004 (Act), Okla. Stat. tit. 71, §§ 1-101 through 1-701 (Supp. 2003), an investigation was conducted by the Oklahoma Department of Securities (Department) into the activities of Kalidy & Co. and Rabih Kalidy (collectively, "Respondents") in and/or from Oklahoma. Based on Section 1-604 of the Act, and the Findings of Fact and Conclusions of Law set forth below, IT IS HEREBY ORDERED that Respondents cease and desist violations of the Act.

Findings of Fact

1. Kalidy & Co. (Kalidy) is an Oklahoma limited liability company domiciled in the state of Oklahoma.
2. Rabih Kalidy, an Oklahoma resident, is the Chief Executive Officer and President of Kalidy and is the control person of Kalidy.
3. Since approximately July of 2000, and continuing to the present, Respondents have mailed and are mailing thousands of letters to residents of Oklahoma (Investors), soliciting them to join a "unique and profitable Short Term partnership group" to invest in real estate (Real Estate Investment). The letter states that the investment of an unspecified initial dollar amount will result in earnings of "\$1,000, \$2,000, \$3,000 or even \$5,000 PER MONTH" and that the "money and profit is 100% guaranteed!"
4. Respondents represent to Investors that they have "EVERYTHING to gain and NOTHING to lose" in the Real Estate Investment.
5. Investors are promised profits in the Real Estate Investment "no matter how the real Estate economy is."

6. On October 22, 2008, Rabih Kalidy represented to the Department, through his attorney, that "he has voluntarily ceased further distribution of those solicitations."

7. The Real Estate Investment with Respondents is not registered under the Act.

8. Rabih Kalidy is not registered under the Act as an issuer agent.

9. At least one person has invested with Respondents.

To the extent any of these Findings of Fact are more properly characterized as Conclusions of Law, they should be so considered.

Authorities

1. Section 1-102 provides in part:

In this act, unless the context otherwise requires:

* * *

2. "Agent" means an individual, other than a broker-dealer, who represents a broker-dealer in effecting or attempting to effect purchases or sales of securities or represents an issuer in effecting or attempting to effect purchases or sales of the issuer's securities. A partner, officer, or director of a broker-dealer or issuer, or an individual having a similar status or performing similar functions is an agent only if the individual otherwise comes within the term. The term does not include an individual excluded by rule adopted or order issued under this act;

* * *

32. "Security" means a note; stock; treasury stock; security future; bond; debenture; evidence of indebtedness; certificate of interest or participation in a profit-sharing agreement; collateral trust certificate; preorganization certificate or subscription; transferable share; investment contract; voting trust certificate; certificate of deposit for a security; fractional undivided interest in oil, gas, or other mineral rights; put, call, straddle, option, or privilege on a security, certificate of deposit, or group or index of securities, including an interest therein or based on the value thereof; put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency; or, in general, an interest or instrument commonly known as a "security," or a certificate of interest or participation in, temporary or interim

certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing. The term:

* * *

d. includes as an "investment contract" an investment in a common enterprise with the expectation of profits to be derived primarily from the efforts of a person other than the investor and a "common enterprise" means an enterprise in which the fortunes of the investor are interwoven with those of either the person offering the investment, a third party, or other investors.

2. Section 1-301 of the Act provides:

It is unlawful for a person to offer or sell a security in this state unless:

- (1) The security is a federal covered security;
- (2) The security, transaction, or offer is exempted from registration under Sections 6 through 8 of this act [Sections 1-201 through 1-203 of this title]; or
- (3) The security is registered under the act.

3. Section 1-402 of the Act provides:

It is unlawful for an individual to transact business in this state as an agent unless the individual is registered under this act as an agent or is exempt from registration as an agent under subsection B of this section.

4. Section 1-501 of the Act provides in pertinent part:

It is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly:

1. To employ a device, scheme, or artifice to defraud;
2. To make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statement made, in the light of the circumstances under which it is made, not misleading; or
3. To engage in an act, practice, or course of business that operates or would operate as a fraud or deceit upon another person.

5. Section 1-604 of the Act provides in part:

A. If the Administrator determines that a person has engaged, is engaging, or is about to engage in an act, practice, or course of business constituting a violation of this act or a rule adopted or order issued under this act or constituting a dishonest or unethical practice or that a person has materially aided, is materially aiding, or is about to materially aid an act, practice, or course of business constituting a violation of this act or a rule adopted or order issued under this act or constituting a dishonest or unethical practice, the Administrator may:

1. Issue an order directing the person to cease and desist from engaging in the act, practice, or course of business or to take other action necessary or appropriate to comply with this act[.]

* * *

B. An order under subsection A of this section is effective on the date of issuance. Upon issuance of the order, the Administrator shall promptly serve each person subject to the order with a copy of the order and a notice that the order has been entered. The order must include a statement whether the Administrator will seek a civil penalty or costs of the investigation, a statement of the reasons for the order, and notice that, within fifteen (15) days after receipt of a request in a record from the person, the matter will be scheduled for a hearing and the hearing shall be commenced within fifteen (15) days of the matter being set for hearing. If a person subject to the order does not request a hearing and none is ordered by the Administrator, within thirty (30) days after the date of service of the order, the order, that may include a civil penalty or costs of the investigation if a civil penalty or costs were sought in the statement accompanying the order, becomes final as to that person by operation of law. If a hearing is requested or ordered, the Administrator, after notice of and opportunity for hearing to each person subject to the order, may modify or vacate the order or extend it until final determination.

* * *

D. In a final order under subsection C of this section, the Administrator may impose a civil penalty up to a maximum of Five Thousand Dollars (\$5,000.00) for a single violation or up to Two Hundred Fifty Thousand Dollars (\$250,000.00) for multiple violations in a single proceeding or a series of related proceedings.

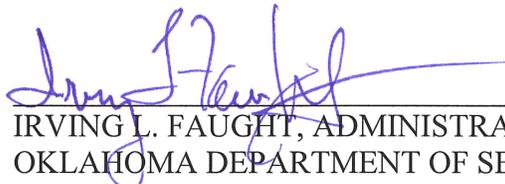
Conclusions of Law

1. Respondents offered and sold securities as defined by 1-102.32 of the Act.
2. The securities offered and sold by Respondents are not registered under the Act, in violation of Section 1-301 of the Act.
3. Respondent Rabih Kalidy transacted business as an issuer agent in this state without the benefit of registration under the Act, in violation of Section 1-402 of the Act.
4. Respondents made untrue statements of material fact and/or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, in connection with the offer of securities in and/or from the state of Oklahoma in violation of Section 1-501 of the Act.
5. The Administrator has the authority to order Respondents to cease and desist from engaging in an act, practice, or course of business constituting a violation of the Act.
6. The Administrator has the authority to impose a civil penalty for violation of the Act.
7. It is in the public interest to order Respondents to cease and desist from violating the Act and to impose a civil penalty.

To the extent any of these Conclusions of Law are more properly characterized as Findings of Fact, they should be so considered.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 16th day of January, 2009.

(SEAL)



IRVING L. FAUGHT, ADMINISTRATOR OF THE
OKLAHOMA DEPARTMENT OF SECURITIES

Notice of Opportunity for Hearing

Pursuant to Section 1-604 of the Act, the Administrator hereby gives notice to Respondents of their right to request a hearing. The request for hearing must be received by the Administrator within thirty (30) days after service of the Order to Cease and Desist (Order). The request for hearing must be in writing and Respondents shall specifically admit or deny each allegation that is contained in the Order.

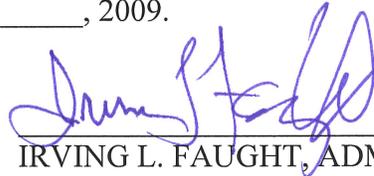
Within fifteen (15) days after receipt of a request for hearing from Respondents, this matter will be scheduled for hearing. The hearing shall commence within fifteen (15) days of the matter being set for hearing. Notice of the date, time and location of the hearing shall be given to Respondents. If a hearing is requested, the Administrator may modify or vacate the Order or extend it until final determination.

If Respondents do not request a hearing within thirty (30) days after the date of service of the Order and none is ordered by the Administrator, the Order becomes final as to Respondents by operation of law.

Pursuant to Section 1-604 of the Act, the Administrator hereby gives notice to Respondents of his intent to seek a civil penalty in the amount of \$25,000.

Witness my Hand and the Official Seal of the Oklahoma Department of Securities this 16th day of January, 2009.

(SEAL)



IRVING L. FAUGHT, ADMINISTRATOR OF THE
OKLAHOMA DEPARTMENT OF SECURITIES

CERTIFICATE OF MAILING

The undersigned hereby certifies that on the 16th day of January, 2009, a true and correct copy of the above and foregoing *Order to Cease and Desist and Notice of Opportunity for Hearing* was mailed by certified mail, return receipt requested, delivery restricted, with postage prepaid thereon, addressed to:

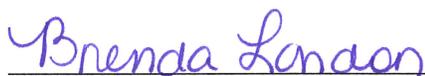
Kaily & Co.
14909 North Kelly Avenue
Edmond, OK 73013

Rabih Kalidy
3500 Huntsman Road
Edmond, OK 73003

and

14909 North Kelly Avenue
Edmond, OK 73013

Kenneth M. Stoner
5700 NW 132nd St.
Oklahoma City, OK 73142



Brenda London
Paralegal