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

TO: Douglas Mears, President
    Stephen Thompson, Managing Director and Founder
    Paul Lewakowski, Sales Manager
    Leland National Gold Exchange, Inc.
    11812 San Vicente Blvd., Suite 125
    Los Angeles, CA 90049
    and
    261 S. Robertson Blvd., Suite 200
    Beverly Hills, CA 90211
    and
    www.lelandgold.com

DESIST AND REFRAIN ORDER
(For violations of section 29536 of the Corporations Code)

The California Corporations Commissioner finds that:

1. Leland National Gold Exchange, Inc. (“Leland”) was incorporated under the laws of
   Nevada on March 18, 2009. At all relevant times, it maintained a principal place of business at
   11812 San Vicente Blvd., Suite 125, Los Angeles, CA 90049, or 261 S. Robertson Blvd., Suite 200,
2. At all relevant times, Douglas Mears (“Mears”) was the president and a control person
   of Leland.
3. At all relevant times, Stephen Thompson (“Thompson”) was a managing director,
   founder, and control person of Leland.
4. At all relevant times, Paul Lewakowski (“Lewakowski”) was a sales manager of
   Leland.
5. Beginning in 2009 or earlier, Leland, Mears, Thompson, and Lewakowski offered and sold commodities and commodity contracts for the purchase of precious metals, including but not limited to gold, silver, platinum, and palladium bullion and coins.

6. Leland, Mears, Thompson, and Lewakowski offered and sold these commodities and commodity contracts to residents of California and elsewhere.

7. Leland, Mears, Thompson, and Lewakowski offered and sold commodity contracts that would put the customer in a “leveraged position,” meaning the customer’s total purchase would be two to four times the amount of the customer’s cash investment.

8. In connection with the offer and sale of these commodities and commodity contracts, Leland, Mears, Thompson, and Lewakowski willfully misinformed customers regarding the amount of commission that Leland and its representatives would be receiving. Leland, Mears, Thompson, and Lewakowski falsely told customers that they would be charged a commission based on a percentage of the amount of the customer’s cash investment. Leland, Mears, Thompson, and Lewakowski omitted to tell customers that they would actually be charged a commission based on a percentage of the leveraged amount.

9. In connection with the offer and sale of these commodities and commodity contracts, Leland, Mears, Thompson, and Lewakowski willfully told customers that there was almost no risk of losing their principal investment. In fact, these commodities and commodity contracts carry a high degree of risk of loss.

10. In connection with the offer and sale of these commodities, and commodity contracts, Lewakowski omitted to tell customers that he had been convicted of a felony, misapplication of contractor funds, in 2010 in the state of Louisiana.

11. Leland, Mears, Thompson, and Lewakowski each performed the above acts either directly or through their agents.

Based on the foregoing findings, the California Corporations Commissioner is of the opinion that Leland National Gold Exchange, Inc.; Douglas Mears; Stephen Thompson; and Paul Lewakowski have, directly or indirectly, in connection with the purchase or sale of, the offer to sell, the offer to
purchase, the offer to enter into, or the entry into, a commodity or commodity contract, willfully
made untrue statements of material fact, or omitted to state a material fact necessary in order to make
the statements made, in the light of the circumstances under which they were made, not misleading.
Pursuant to Section 29542 of the Corporations Code, Leland National Gold Exchange, Inc.; Douglas
Mears; Stephen Thompson; and Paul Lewakowki are hereby ordered to desist and refrain, in
connection with the offer and sale of commodities and commodity options, from willfully making
any untrue statement of a material fact, or omitting to state a material fact necessary in order to make
the statements made, in the light of the circumstances under which they were made, not misleading.

This Order is necessary, in the public interest, for the protection of investors and consistent
with the purposes, policies, and provisions of the California Commodity Law of 1990.

Dated: August 28, 2012
Sacramento, California

JAN LYNN OWEN
California Corporations Commissioner

By: __________________________
MARY ANN SMITH
Deputy Commissioner
Enforcement Division