

STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Securities Act of Washington by:

EXPANSION CAPITAL MANAGEMENT, INC. and
MICHAEL JOSEF MEYER,
Respondents.

Order Number S-00-006-00-CO01

CONSENT ORDER

THE STATE OF WASHINGTON TO: Michael Josef Meyer and Expansion Capital Management, Inc.
71 South Orcas Street
Seattle, WA 98108

INTRODUCTION

Pursuant to the Securities Act of Washington, the Securities Division of the Department of Financial Institutions and Michael Josef Meyer (“Meyer”), individually and on behalf of Expansion Capital Management, Inc. (“ECMI”), do hereby enter into this Consent Order in settlement of the above captioned matter. Meyer and ECMI hereby consent to the entry of the Consent Order, and acknowledge the Securities Division’s jurisdiction over this matter and its authority to enter this Consent Order.

The Securities Division has made certain allegations and conclusions, set forth under the headings “Tentative Findings of Fact” and “Conclusions of Law”, in SDO 00-82, Summary Order Denying Investment Adviser and Investment Adviser Representative Registration, which are hereby incorporated by reference into this Consent Order.

CONSENT ORDER

The Securities Division, Michael Josef Meyer and ECMI have agreed upon a basis for resolution of the matters alleged and concluded in SDO 00-82. Based upon the foregoing, NOW, THEREFORE, IT IS AGREED AND ORDERED THAT:

CONSENT ORDER AND ORDER VACATING
SDO 00-82

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DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 9033
Olympia, WA 98507-9033
360-902-8760

1 1. Meyer and ECMI understand their obligation to comply with all books and records requirements
2 under applicable statutes and rules.

3 2. For one year from the date this order is signed by the Securities Administrator, the following
4 conditions will apply:

5 a. Assets recommended to clients or purchased for discretionary accounts will be limited to: investments
6 subject to the Investment Company Act of 1940, exchange-traded or NASDAQ equities (no bulletin board stocks),
7 exchange-listed warrants, bonds, and options for hedging purposes only (i.e., no uncovered call or put positions). In
8 the event that any securities recommended or purchased for discretionary accounts reorganizes, becomes delisted, or
9 moves to the bulletin board or other private exchange environment, discretionary accounts may continue to hold
10 positions in these securities.

11 b. ECMI and Meyer are prohibited from engaging in any direct purchase or sale transaction with a client. If
12 ECMI and Meyer recommend, or intend to purchase for a client's discretionary account, any investment in which they
13 also hold an investment, prior written disclosure must be given to a client.

14 c. ECMI and Meyer are prohibited from borrowing funds or securities from a client.

15 d. Performance fee arrangements must comply with the provisions of WAC 460-24A-150 and Rule 205-3 under
16 the Investment Advisers Act of 1940.

17 e. ECMI will not have custody of client funds or securities, except to bill for services rendered using the
18 following procedure: the client authorizes the arrangement in writing; ECMI sends the bill to both the client and the
19 custodian at the same time; the bill shows the amount of the fee, how it was calculated and the value of the assets on
20 which the bill is based; and the custodian notifies the client at least quarterly how much it has paid to ECMI.

21 f. All clients shall establish individual trading accounts. No client will be solicited to invest in a limited
22 partnership or other entity owned or managed by ECMI or Meyer in which investor funds will be pooled without prior
23 written notification to and the consent of the Securities Division.

1 g. ECMI will provide to the Securities Division, within fourteen (14) days of receipt, copies of any written
2 complaint from a client and ECMI's response thereto.

3 3. At the end of the one-year period the Securities Division will review this order and the compliance
4 thereto and determine whether any conditions imposed under this order will continue for additional periods of time.

5 IT IS AGREED THAT this order will not prevent ECMI from obtaining a registration as an investment
6 adviser in Washington or Meyer from obtaining a registration as an investment adviser representative in
7 Washington if each otherwise meets the requirements for such a registration.

8 IN CONSIDERATION OF THE FOREGOING, Michael Josef Meyer and ECMI each withdraw their request
9 for hearing and each waive their right to a hearing on this matter, and the Securities Division hereby vacates the
10 Summary Order Denying Investment Adviser and Investment Adviser Representative Registration.

11 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**


12 SIGNED BY:
13 Expansion Capital Management, Inc.

14 By _____ /s/
15 Michael Josef Meyer, Principal

16 _____ /s/
17 Michael Josef Meyer, individually

18
19 THIS ORDER SIGNED AND ENTERED THIS 31st DAY OF January, 2005,

20 By:

21 
22 Michael E. Stevenson
23 Securities Administrator, Department of Financial Institutions

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Approved by:

Presented by:

/s/

/s/

Suzanne Sarason
Chief of Compliance

Brad Ferber
Financial Legal Examiner