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

TO: Kerry J. O’Neill
27-4151 Regent Street
Richmond, B.C. V7E4S9
Canada

Pay It Forward
7952 Winston Street
Burnaby, B.C. V5A2H5
Canada

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

The California Corporations Commissioner finds that:

1. At all relevant times, Kerry J. O’Neill (“O’Neill”) was the President, managing partner and control person of the Pay It Forward program, which he purported to be a clothing resale business, located at 7952 Winston Street, Burnaby, B.C. V5A2H5 in Canada.
2. Beginning in or about February 2006, O’Neill solicited California investors regarding investment opportunities with Pay It Forward. Some of these solicitations were made via third-party individuals including Nisha Helmig, Constantine Darling, Steve Patzkowski and Darcy O’Neill who were affiliated with O’Neill or Pay It Forward.
3. Beginning in or about March 2006, O’Neill and Pay It Forward offered and sold securities in the form of promissory notes. The promissory notes state that the monies “will be used for the sole purpose of buying and selling new and used merchandise for resale, with the intent of producing profit.”

1 4. The Pay It Forward program raised \$7,054,932.89 from investors throughout the United
2 States and Canada via these promissory notes.

3 5. The promissory notes were offered or sold in this state without a permit or other form of
4 qualification authorizing the offer or sale of these securities in this state.

5 6. In his solicitation of new investors in the Pay It Forward program, Kerry O’Neill made untrue
6 statements of material fact, or omitted to state material facts necessary in order to make the
7 statements made, in light of the circumstances under which they were made, not misleading. These
8 misrepresentations and omissions included, but is not limited to, Kerry O’Neill representing that he
9 had a personal net worth of \$600 million which was relied upon by the investors in signing the
10 promissory notes.

11 Based on the foregoing findings, the California Corporations Commissioner is of the opinion
12 that the promissory notes are securities subject to qualification under the California Corporations
13 Code and are being or have been offered or sold without being qualified or exempt, in violation of
14 Section 25110 of the California Corporations Code. Pursuant to Section 25532 of the California
15 Corporations Code, Kerry J. O’Neill and the Pay It Forward program are hereby ordered to desist and
16 refrain from the further offer or sale of securities in the State of California, including but not limited
17 to promissory notes unless and until qualification has been made under said law or unless exempt.

18 Further, the California Corporations Commissioner is of the opinion that these securities were
19 offered or sold by means of written or oral communications which included untrue statements of
20 material facts, or omitted to state material facts necessary in order to make the statements made, in
21 light of the circumstances under which they were made, not misleading in violation of section 25401
22 of the California Corporations Code. Pursuant to section 25532 of the California Corporations Code,
23 Kerry J. O’Neill and the Pay It Forward program are hereby ordered to desist and refrain from
24 offering or selling any security in the State of California, including but not limited to promissory
25 notes, by means of any written or oral communication which includes an untrue statement of a
26 material fact, or omits to state a material fact necessary in order to make the statements made, in light
27 of the circumstances under which they were made, not misleading.
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This Order is necessary to the public interest for the protection of investors, and consistent with the purposes, policies, and provisions of the California Corporations Code.

Dated: June 10, 2008
Sacramento, California

PRESTON DUFAUCHARD
California Corporations Commissioner

By _____
ALAN S. WEINGER
Lead Corporations Counsel
Enforcement Division