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2 **STATE OF CALIFORNIA**  
3 **BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY**  
4 **DEPARTMENT OF BUSINESS OVERSIGHT**

5 TO: Kevin Michael McCarthy  
6 K.M. & Associates LLC  
7 Brandon Cruz  
8 4600 Barranaca Parkway  
9 Irvine, CA 92614

10 Currency Warriors LP  
11 18022 Cowan, #203k  
12 Irvine, CA 92614

13 Currency Warriors Inc.  
14 2070 Business Center Drive, Suite 105  
15 Irvine, CA 92612

16 Jeffrey Friederichs  
17 Intelicloud Holdings Inc.  
18 1453 3rd Street, Promenade #315  
19 Santa Monica, CA 90401  
20 and  
21 2604 Acero, Suite 211  
22 Mission Viejo, CA 92691  
23 and  
24 985 Capistrano Avenue  
25 Laguna Beach, CA 92651

26 **DESIST AND REFRAIN ORDER**

27 **(For violations of sections 25110, 25210 and 25401 of the Corporations Code)**

28 The Commissioner of Business Oversight finds that:

1. Kevin Michael McCarthy (“McCarthy”) was a Managing Member at K.M. & Associates LLC (“K.M. & Associates”) which was a Nevada registered LLC that went into default on October 31, 2012. The company was located at 4600 Barranaca Parkway, Irvine, CA 92614. Brandon Cruz (“Cruz”) represented himself to an investor as an employee of K.M. & Associates.

1           2.       Currency Warriors LP (“Currency Warriors LP”) was at all relevant times a California  
2 corporation with an address at 18022 Cowan, #203K, Irvine, CA 92614. McCarthy is the registered  
3 agent for service of process for Currency Warriors at the same address at 18022 Cowan, and is also  
4 the chief executive of Currency Warriors LP. Currency Warriors Inc. (“Currency Warriors Inc.”) is a  
5 suspended California corporation with an address at 2070 Business Center Drive, Suite 105, Irvine,  
6 CA 92612. McCarthy is also the registered agent for service of this company at the same address.

7           3.       Intelicloud Holdings Inc. (“Intelicloud Holdings”) is a suspended California  
8 corporation with an entity address of 1453 3rd Street, Promenade #315, Santa Monica, CA 90401.  
9 Intelicloud Holdings was also a Delaware corporation (registered on December 17, 2010) which  
10 maintained an office at 2604 Acero, Suite 211, Mission Viejo, CA 92691. Jeffrey Friederichs  
11 (“Friederichs”) was at all relevant times the CEO of Intelicloud Holdings and also the registered  
12 agent for service of process at 985 Capistrano Avenue, Laguna Beach, CA 92651.

13           4.       McCarthy, Currency Warriors LP, Currency Warriors Inc., K.M. & Associates, Cruz,  
14 Friederichs and Intelicloud Holdings are herein referred to as “Respondents”.

15           5.       Whenever reference is made herein to “Respondents” doing any act, the allegations  
16 shall mean the act of each respondent acting individually.

17           6.       McCarthy solicited investor A in April of 2007 by means of a cold call to invest in  
18 Currency Warriors Inc. He represented to the investor in a follow up email that he could double the  
19 amount of money invested in Currency Warriors Inc. within 20 months. He specifically noted that if  
20 \$10,000 were invested, then \$20,000 would be paid back to the investor. This is the exact same offer  
21 McCarthy was to later make to separate investors, one in Pennsylvania and the other to Investor B.  
22 Initially Investor A sent McCarthy \$10,000 on May 21, 2007. Between May 26, 2009 and September  
23 16, 2010 an additional \$4300 was invested. Of the \$14,300 sent to McCarthy, Currency Warriors LP  
24 and Currency Warriors Inc., \$3733 had been paid back to Investor A. He has never received any  
25 payments after September 16, 2010, despite promises from Respondents that he would double his  
26 money in 20 months.

27           7.       Investor B, 76 years old, received a cold call at home in September of 2012. This  
28 investor was not a sophisticated investor.

1           8.       McCarthy proceeded to solicit Investor B to participate in a “short term partnership”  
2 that promised to provide the investor a 100% return of principal and another 100% in profits in 20  
3 months. McCarthy’s scheme also promised a regular monthly income equal to 10% of the amount of  
4 investor participation, guaranteed monthly for 20 months. McCarthy went on to note that his  
5 company was a retail financial firm that provides brokering business for the general public and  
6 derives income from commissions charged from providing these services, and he would share that  
7 revenue monthly with his partners. The offer was signed by McCarthy of K.M. & Associates.

8           9.       In response to the above solicitation the investor sent funds to McCarthy at K.M. &  
9 Associates. On Oct. 3, 2012 she sent \$5000. On Oct. 9, 2012 she sent \$10,000. In accordance with  
10 the offer made by McCarthy, the investor was to receive \$1500 per month for 20 months, starting in  
11 November, 2012. She never received a check in November, but McCarthy promised a credit for that  
12 month. She received a check for December, 2012. The investor has never received any further funds  
13 from McCarthy or K.M. & Associates.

14           10.       After speaking with Cruz, a sales person working for K.M. & Associates, Investor B  
15 sent an additional \$10,500 for a promissory note that would pay her principal back with 25% interest  
16 by February 1, 2013. The funds for this investment were sent on November 30, 2012. The investor  
17 never received a return the note, or a return of interest or principal for this note purchase.

18           11.       Shortly after receiving funds from the investor for the “short term partnership”  
19 described above, McCarthy continued with another series of calls, to solicit the investor to invest  
20 money in Intelicloud Holdings. The company was raising funds under the Regulation D exemption  
21 of the Corporate Securities Act of 1933, a fact noted in the offering materials sent to the investor. The  
22 investor was assured by McCarthy that this would be “the investment of the year.” McCarthy told  
23 the investor that there would be a merger which would cause the stock of Intelicloud to increase from  
24 42 cents a share to \$1.50-\$2.25 a share by February of 2013. McCarthy also told the investor that the  
25 company would be going public in May of 2013. The company did not go public in May of 2013,  
26 and as of April, 2014 the company is suspended in California. McCarthy told the investor if the  
27 company went public this would allow the investor to sell Intelicloud shares at a significant profit.  
28 On November 1, 2012, \$10,500 was wire transferred to Intelicloud Holdings from the investor’s

1 checking account. On November 20, 2012 the investor sent by wire transfer another \$10,500 to  
2 Intelicloud. On November 29, 2012, the investor sent an additional \$10,500 to Intelicloud by  
3 mistake. This last transfer of funds was returned to the investor on January 9, 2013.

4 12. On January 3, 2013, Cruz called Investor B and offered to sell her his own shares of  
5 Intelicloud for half price. She had paid approximately 42 (forty-two) cents for her shares, and he  
6 offered to sell her 10,000 shares at 20 (twenty) cents per share. She accepted this offer and sent Cruz  
7 \$2000 at K.M. & Associates to pay for these shares.

8 13. On March 11, 1998 the National Association of Securities Dealers (NASD) revoked  
9 the registration of Kevin M. McCarthy for failure to pay fines and costs in the amount of \$48,892.37.  
10 At the time of the revocation McCarthy was a broker-dealer representative and the president of a  
11 broker-dealer corporation. McCarthy appealed the revocation of his registration, but the revocation  
12 and subsequent fines and costs were upheld by a federal court of appeals. The NASD later became  
13 the Financial Industry Regulatory Authority (FINRA).

14 14. On March 6, 2012 the Pennsylvania Securities Commission issued a Cease and Desist  
15 Order to Kevin McCarthy and Currency Warriors Inc. for soliciting an investment from a resident of  
16 Pennsylvania. The final order found McCarthy had offered unregistered securities that were not  
17 exempt for sale to a Pennsylvania investor. Further, the order found McCarthy had failed to inform  
18 the Pennsylvania investor of the revocation of his registration with NASD. This solicitation in  
19 February of 2012, matched the solicitation sent to the Nevada Investor B word for word, promising  
20 the Pennsylvania investor that their money could be doubled in a period of 20 months, with the  
21 principal being returned in the first 10 months, and then a 100% profit would be returned in the next  
22 10 months. The return of funds would be in the form of monthly payments. The existence of these  
23 enforcement regulatory orders issued by NASD and the Pennsylvania Securities Commission was  
24 never disclosed at any time to the Nevada Investor B.

25 15. On January 27, 2012 the Pennsylvania Securities Commission issued a summary  
26 Cease and Desist Order to Intelicloud Holdings and Jeffrey Friederichs for violations of the securities  
27 laws of the state of Pennsylvania. The existence of this enforcement regulatory order against  
28 Intelicloud Holdings and Friederichs was never disclosed to the Nevada Investor B.

1           Based upon the foregoing findings, the Commissioner of Business Oversight is of the opinion  
2 that McCarthy, K.M. & Associates and Cruz have sold securities in this state in the form of shares in  
3 Intellicloud Holdings. Neither McCarthy, nor K.M. & Associates, nor Cruz have applied for nor  
4 secured from the Commissioner of Business Oversight (or the then Commissioner of Corporations) a  
5 certificate to operate in the capacity of a securities broker-dealer in the State of California.

6           Further, the Commissioner of Business Oversight is of the opinion that McCarthy and Cruz  
7 individually and doing business as K.M. & Associates have induced the sale of securities in this state  
8 without having first applied for and secured a certificate authorizing them to act in the capacity of a  
9 securities broker-dealer, in violation of section 25210 of the Corporate Securities Law of 1968.  
10 Pursuant to Corporations Code section 25532(b), Kevin Michael McCarthy and Brandon Cruz  
11 individually and doing business as K.M. & Associates are hereby ordered to desist and refrain from  
12 effecting any transaction in, or attempting to induce the purchase or sale of, any security in this state,  
13 unless and until they have applied for and secured from the Commissioner a certificate authorizing  
14 them to act in that capacity or unless exempt.

15           Based upon the foregoing findings, the Commissioner of Business Oversight is of the opinion  
16 that the partnership interests, promissory notes and share of stock that are being or have been offered  
17 or sold by McCarthy, Currency Warriors LP, Currency Warriors Inc., K.M. & Associates and Cruz  
18 are securities subject to qualification under the California Corporate Securities Law of 1968 and are  
19 being or have been offered or sold without being qualified in violation of Corporations Code section  
20 25110.

21           The Commissioner of Business Oversight is also of the opinion that the shares in Intellicloud  
22 Holdings have been offered or sold by Intellicloud Holdings and Friederichs without being qualified  
23 or exempt in violation of Corporations Code section 25110.

24           Pursuant to Corporations Code section 25532, Kevin Michael McCarthy, Currency Warriors  
25 LP, Currency Warriors Inc., K.M. & Associates, Brandon Cruz, Intellicloud Holdings and Jeffrey  
26 Friederichs are hereby ordered to desist and refrain from the further offer or sale in the State of  
27 California of securities, including but not limited to partnership interests and/or shares of stock,  
28 unless and until qualification has been made under the law or unless exempt.

1 Further, the Commissioner of Business Oversight is of the opinion the securities offered by  
2 McCarthy, Currency Warriors LP, Currency Warriors Inc., K.M. & Associates, Brandon Cruz,  
3 Intelicloud Holdings and Jeffrey Friederichs were offered and sold in this state by means of written or  
4 oral communications which included untrue statements of a material fact or omitted to state material  
5 facts necessary in order to make the statements made, in the light of the circumstances under which  
6 they were made, not misleading, in violation of section 25401(b) of the Corporate Securities Law of  
7 1968.

8 Pursuant to section 25532 of the Corporate Securities Law of 1968, Kevin McCarthy,  
9 Currency Warriors LP, Currency Warriors Inc., K.M. & Associates, Brandon Cruz, Intelicloud  
10 Holdings and Jeffrey Friederichs are hereby ordered to desist and refrain from offering or selling any  
11 security in the State of California by means of any written or oral communication which includes an  
12 untrue statement of a material fact or omits to state a material fact necessary in order to make the  
13 statements made, in the light of the circumstances under which they were made, not misleading.

14 This Order is necessary, in the public interest, for the protection of investors and consistent  
15 with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

16 Dated: May 28, 2014  
17 Sacramento, California

JAN LYNN OWEN  
Commissioner of Business Oversight

19 By \_\_\_\_\_  
20 MARY ANN SMITH  
21 Deputy Commissioner  
22 Enforcement Division

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