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I.

STATEMENT OF FACTS

1. At all relevant times, Omega Investment Group, Inc. (“Omega”) is, or was, a California corporation whose last known principal place of business is located at 9550 Firestone Blvd. Ste. 101, Downey, California 90241.

2. At all relevant times, Michael Zuno Zuniga (“Zuniga”) is, or was, the President of Omega and held himself out as such to investors.

3. At all relevant times, Manuel R. Reyes (“Reyes”) is, or was, the President and Vice President of Omega and held himself out as such to investors.

4. At all relevant times, Edwin Gabriel Salazar (“Salazar”) is, or was, the Treasurer and agent for Omega and held himself out as such to investors.

5. Whenever reference is made in this Statement in Support to “Respondents” doing any act, the allegation shall mean the act of each respondent acting individually, jointly and severally.

VIOLATION OF CORPORATIONS CODE SECTION 25110

(UNQUALIFIED OFFER AND SALE OF SECURITIES)

6. In or about June 2007, Omega, Zuniga, Reyes, and Salazar offered or sold securities in the form of promissory notes purportedly secured by real estate, to at least three senior California residents ranging in various amounts from \$33,000 - \$100,00, raising at least \$173,000. The promissory notes are securities subject to qualification under the California Corporate Securities Law of 1968 (“CSL”).

7. In or about 2007, Zuniga, Reyes, or Salazar visited at least three senior California residents at their homes and offered or sold securities in the form of promissory notes issued by Omega, purportedly for investment in, among other things, equity index products, including annuities and life insurance, real estate and foreclosures. These promissory notes are securities subject to qualification under the CSL. Shortly before investing in Omega, the investors initially obtained a reverse mortgage on their property through a real estate sales agent who thereon referred them to Reyes to discuss the investment opportunity offered by Omega. The investors

1 obtained funds from the reverse mortgage, which they subsequently invested in Omega. Zuniga,
2 Reyes, or Salazar provided investors with investor materials consisting of promotional materials
3 concerning the securities being offered, a subscription agreement, and a letter from the founders
4 of Omega describing Omega's biography and history and the investment opportunities Omega
5 was offering. As stated in Omega's promotional materials, the requirement for investing in
6 Omega included, among other things, a minimum investment of \$20,000 for at least a 12 month
7 investment period. Omega's promissory notes and investor agreements promised investors a
8 15% return on their investment. Further, Omega's promotional materials provided that at the end
9 of the 12- month term, investors will have an option to receive only their interest in a lump sum
10 and re-invest their principal for another 12- month term or redeem the promissory notes for the
11 principal and interest owed.

12 8. Zuniga, Reyes, or Salazar told investors that their monies would be used to
13 purchase real estate, which they would sell within 6 to 8 months, and sometimes in a shorter
14 period, to realize profit for distribution to investors. Zuniga and Reyes signed the promissory
15 notes while Salazar signed the investor agreements as an agent for Omega. Except for two
16 investors who received partial payments of \$10,000 and \$6,000, on their investments, to date no
17 investor has received the promised return or principal invested back from Omega.

18 9. Corporations Code section 25110 prohibits the offer or sale of non-exempt
19 securities in this state that are subject to qualification. These securities were offered or sold in
20 this state in issuer transactions. The Department of Corporations has not issued a permit or other
21 form of qualification authorizing any person to offer or sell these securities in this state. The
22 offer or sale of these securities is not exempt under the CSL.

23 **VIOLATION OF CORPORATIONS CODE SECTION 25401**

24 **(MISREPRESENTATIONS AND OMISSIONS OF MATERIAL FACTS)**

25 10. In connection with the offer or sale of these securities, Omega, Zuniga, Reyes,
26 and Salazar made, or caused to be made, misrepresentations of material fact or omitted to state
27 material facts necessary in order to make the statements made, in the light of the circumstances
28 under which they were made, not misleading. These misrepresentations and omissions were the
following:

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- a. Representing that the investments were secured by real estate, when in fact they were not;
- b. Omitting to inform investors that they may lose all of their money if they chose to participate in the offering;
- c. Omitting to inform investors that there had been no public market for the promissory notes and no assurance that the offering will go public;
- d. Omitting to inform investors that the transferability of the securities was severely restricted and as such, that investors could not easily liquidate their investment in case they needed their money instantly.

11. Corporations Code section 25401 prohibits the offer and/or sale of securities in this state by means of written or oral communications that include untrue statements of material fact or omits material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

II.

ORDER LEVYING ADMINISTRATIVE PENALTIES

(For violations of Corporations Code sections 25110 and 25401)

12. Complainant re-alleges and reincorporates by reference paragraphs 1-11 of this Statement in Support as though fully set forth herein.

13. Corporations Code section 25252 authorizes the Commissioner to issue an order levying administrative penalties against any person for willful violations of any provision of the CSL and any rules promulgated thereunder. Specifically, Corporations Code section 25252 provides, in relevant part:

The commissioner may, after appropriate notice and opportunity for hearing, by orders, levy administrative penalties as follows:

- (a) Any person subject to this division, other than a broker-dealer or investment adviser, who willfully violates any provision of this division, or who willfully violates any rule or order adopted or issued pursuant to this division, is liable for administrative penalties of not more than one thousand dollars (\$1,000) for the first violation, and not more than two thousand five hundred dollars (\$2,500) for each subsequent violation.

1 14. Based on the foregoing findings of fact, as set forth fully above in paragraphs 1-
2 11, Respondents willfully violated the following provisions:

3 a) Corporations Code section 25110 by offering and selling promissory notes to the
4 following investors:

- 5 i) E. W.¹;
- 6 ii) S. P.; and
- 7 iii) C. D.

8 b) Corporations Code section 25401 by making untrue statements or omissions in
9 association with the offer and sale of promissory notes to the following investors:

- 10 i) E. W.;
- 11 iv) S. P.; and
- 12 v) C. D.

13 **WHEREFORE**, good cause showing, and pursuant to Corporations Code section 25252,
14 the Commissioner prays for an order levying administrative penalties against Respondents
15 Omega Investment Group, Inc., Michael Zuno Zuniga, Manuel R. Reyes, and Edwin Gabriel
16 Salazar jointly and severally, as follows:

17 A) That pursuant to Corporations Code section 25252, the Commissioner levy
18 administrative penalties of one thousand dollars (\$1,000) for the first violation of Corporations
19 Code section 25110 and two thousand five hundred dollars (\$2,500) for each subsequent
20 violation, as listed below, for a total amount of six thousand dollars (\$6,000).

- 21 1) E. W. - \$1,000;
- 22 2) S. P. - \$2,500;
- 23 3) C. D. \$2,500.

24 B) That pursuant to Corporations Code section 25252, the Commissioner levy
25 administrative penalties of one thousand dollars (\$1,000) for the first violation of Corporations
26 Code section 25401 and two thousand five hundred dollars (\$2,500) for each subsequent
27 violation, as listed below, for a total amount of six thousand dollars (\$6,000).

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¹ The investors' names are abbreviated to preserve their right to privacy.

1 under which they were made, not misleading, in violation of section 25401 of the Corporate
2 Securities Law of 1968.

3 **IT IS HEREBY ORDERED EFFECTIVE IMMEDIATELY THAT:**

4 A) Pursuant to section 25532 of the Corporate Securities Law of 1968, Omega
5 Investment Group, Inc., Michael Zuno Zuniga, Manuel R. Reyes, and Edwin Gabriel Salazar are
6 hereby ordered to desist and refrain from the further offer or sale in the State of California of
7 securities, including but not limited to investments in the form of promissory notes unless and
8 until qualification has been made under the law or unless exempt.

9 B) Pursuant to section 25532 of the Corporate Securities Law of 1968, Omega
10 Investment Group, Inc., Michael Zuno Zuniga, Manuel R. Reyes, and Edwin Gabriel Salazar are
11 hereby ordered to desist and refrain from offering or selling or buying or offering to buy any
12 security in the State of California, including but not limited to, securities in the form of
13 promissory notes, by means of any written or oral communication which includes an untrue
14 statement of a material fact or omits to state a material fact necessary in order to make the
15 statements made, in the light of the circumstances under which they were made, not misleading.

16 This Order is necessary, in the public interest, for the protection of investors and
17 consistent with the purposes, policies, and provisions of the CSL.

18 Dated: May 3, 2010

PRESTON DUFAUCHARD
California Corporations Commissioner

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By _____

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ALAN S. WEINGER
Deputy Commissioner

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