

DENISE VOIGT CRAWFORD
SECURITIES COMMISSIONER

DON A. RASCHKE
DEPUTY SECURITIES COMMISSIONER

Mail: P.O. BOX 13167
AUSTIN, TEXAS 78711-3167

Phone: (512) 305-8300
Facsimile: (512) 305-8310



Texas State Securities Board

208 E. 10th Street, 5th Floor
Austin, Texas 78701-2407
www.ssb.state.tx.us

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IN THE MATTER OF CHELSEA
MANAGEMENT GROUP, INC., PETER
JOHANSEN, AND RAY THOMAS

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§
§

ORDER NO. **ENF-06-CDO-1611**

TO: Chelsea Management Group, Inc.
2727 West 92nd Ave., Suite 200B
Denver, CO 80250

Ray Thomas
2727 West 92nd Ave., Suite 200B
Denver, CO 80250

Peter Johansen
2727 West 92nd Ave., Suite 200B
Denver, CO 80250

EMERGENCY CEASE AND DESIST ORDER

This is your OFFICIAL NOTICE of the issuance by the Securities Commissioner of the State of Texas ("Securities Commissioner") of an EMERGENCY CEASE AND DESIST ORDER pursuant to Section 23-2 of The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et sea. (Vernon 1964 & Supp. 2805) ("Texas Securities Act").

The Staff of the Enforcement Division of the Texas State Securities Board has presented evidence sufficient for the Securities Commissioner to find that:

FINDINGS OF FACT

1. Respondent Chelsea Management Group, Inc. ("Respondent Chelsea") maintains a last known address at 2727 West 92nd Ave., Suite 200B, Denver, Colorado 80250. Respondent Chelsea's officers and directors are Peter Johansen, John Alden, Gary Kelley, and Joseph Caldwell.
2. Respondent Peter Johansen maintains a last known address at 2727 West 92nd Ave., Suite 200B, Denver, Colorado 80250.

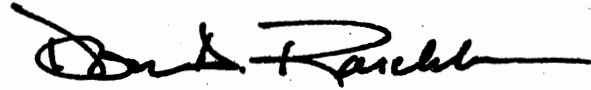
3. Respondent Ray Thomas maintains a last known address at 2727 West 92nd Ave., Suite 200B, Denver, Colorado 80250.
4. Respondents are offering for sale in Texas shares of common stock in Respondent Chelsea. Subscription agreements for the shares of common stock are available through the website www.chelseamanagementgroup.com. Subscription agreements for subordinated convertible debentures are also available through the website. Respondent Chelsea's most recent financial statements, available via links from the website, represent that the company had no income for the year ended December 31, 2004, and no assets as of that date.
5. The shares of common stock have not been registered by qualification, notification or coordination and no permit has been granted for their sale in Texas.
6. Respondents have not been registered with the Securities Commissioner as dealers or agents at any time material hereto.
7. In connection with the offer for sale of the above-described shares of common stock, Respondents are intentionally failing to disclose the following material facts:
 - a. The general and specific risks associated with an investment in the shares of common stock; and
 - b. The manner in which the proceeds of the offering will be used.
8. In connection with the offer for sale of the above-described shares of common stock, Respondents represent that an investor's failure to conduct due diligence may be raised as a defense in any action alleging misstatements or omissions of material facts. This representation is materially misleading or otherwise likely to deceive the public in light of the fact that the Texas Securities Act imposes a duty on sellers of securities to disclose all material facts.

CONCLUSIONS OF LAW

1. The above-described shares of common stock are "securities" as that term is defined by Section 4.A of the Texas Securities Act.
2. Respondents are violating Section 7 of the Texas Securities Act by offering securities for sale in Texas at a time when the securities are not registered with the Securities Commissioner.
3. Respondents are violating Section 12 of the Texas Securities Act by offering securities for sale in Texas without being registered pursuant to the provisions of Section 12 of the Texas Securities Act.

\$5,000, or imprisonment in the penitentiary for not more than two years, or by both such fine and imprisonment.

SIGNED AND ENTERED by the Securities Commissioner this 29TH day of
MARCH, 2006



Don A. Raschke
Deputy Securities Commissioner