

DENISE VOIGT CRAWFORD  
SECURITIES COMMISSIONER

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DEPUTY SECURITIES COMMISSIONER

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## Texas State Securities Board

208 E. 10th Street, 5th Floor  
Austin, Texas 78701-2407  
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MEMBER

IN THE MATTER OF  
EDWARD D. KARABACK

§  
§

Order No. ENF-04-CDO-1560

TO: Edward D. Karaback  
2505 Coatbridge Drive  
Austin, TX 78745

### AGREED CEASE AND DESIST ORDER

Be it remembered that Edward D. Karaback ("Respondent") appeared before the Securities Commissioner of the State of Texas ("Securities Commissioner") and consented to the entry of this Order and the Findings of Fact and Conclusions of Law contained herein.

#### FINDINGS OF FACT

1. Respondent has waived (a) Respondent's right to notice and hearing in this matter; (b) Respondent's right to appear and present evidence in this matter; (c) Respondent's right to appeal this Order; and (d) all other procedural rights granted to Respondent by The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et seq. (Vernon 1964 & Supp. 2004) ("Texas Securities Act"), and the Administrative Procedure Act, TEX. GOV'T CODE ANN. §2001.001 et seq. (Vernon Supp. 2004) ("Administrative Procedure Act").
2. At all times relevant to this Order, Respondent has had a residence at 2505 Coatbridge Drive, Austin, Texas 78745.
3. From on or about February 2004, Respondent engaged in the offer for sale of securities, in the form of a penny stock management program, to investors located in Texas. Respondent offered to manage investor funds by purchasing penny stocks, selling when such stocks reached a "target price range", and "splitting the profits 50/50" ("Penny Stock Management Program"). Respondent solicited Texas investors through advertisements in the Austin American-Statesman newspaper.
4. The Penny Stock Management Program has not been registered by qualification, notification or coordination and no permit has been granted for its sale in Texas.

5. Respondent has not been registered with the Securities Commissioner as a dealer or agent at any time material hereto.

### CONCLUSIONS OF LAW

1. The above-described Penny Stock Management Program is a "security" as that term is defined by Section 4.A of the Texas Securities Act.
2. Respondent is 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. Respondent is 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.
4. The foregoing violations constitute bases for the issuance of an Agreed Cease and Desist Order pursuant to Section 23.A of the Texas Securities Act.

### ORDER


1. It is therefore ORDERED that Respondent immediately CEASE AND DESIST from offering for sale any security in Texas until the security is registered with the Securities Commissioner or is offered for sale pursuant to an exemption from registration under the Texas Securities Act.
2. It is further ORDERED that Respondent immediately CEASE AND DESIST from acting as a securities dealer or agent in Texas until Respondent is registered with the Securities Commissioner or is acting pursuant to an exemption from registration under the Texas Securities Act.

SIGNED AND ENTERED by the Securities Commissioner this 27<sup>th</sup> day of April, 2004.

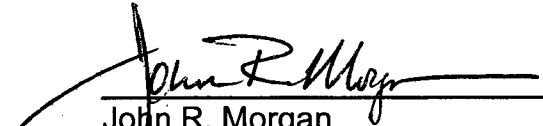
*Denise Voigt Crawford*

DENISE VOIGT CRAWFORD  
Securities Commissioner

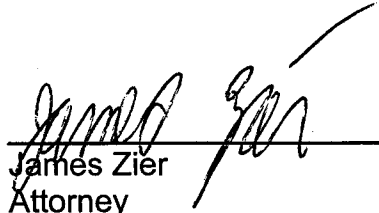
RESPONDENT:

  
Edward D. Karaback

Approved as to Form:

  
John R. Morgan  
Director  
Enforcement Division

Approved as to Form:

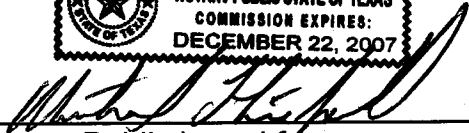
  
James Zier  
Attorney  
Enforcement Division

**ACKNOWLEDGMENT**

On the 16 day of April, 2004, Edward D. Karaback ("Respondent") personally appeared before me, executed the foregoing Order and acknowledged that:

1. Respondent read the foregoing Order;
2. Respondent has been fully advised of his rights under the Texas Securities Act and the Administrative Procedure Act;
3. Respondent knowingly and voluntarily consents to the entry of the foregoing Order and the Findings of Fact and Conclusions of Law contained therein; and,
4. Respondent, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived his rights as set forth therein.



  
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Notary Public in and for  
The State of Texas

My commission expires on: 12/22/07