

DENISE VOIGT CRAWFORD
SECURITIES COMMISSIONER



JOSE ADAN TREVINO
CHAIRMAN

JOHN R. MORGAN
DEPUTY SECURITIES COMMISSIONER

NICHOLAS C. TAYLOR
MEMBER

State Securities Board

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KENNETH W. ANDERSON, JR.
MEMBER

SSB Docket No. 01-21

IN THE MATTER OF
JOHN G. HINOJOSA, INDIVIDUALLY AND
dba JGH ASSET MANAGEMENT COMPANY

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§

Order No. CDO-1434

TO: John G. Hinojosa
Individually and dba
JGH Asset Management Company
1802 Forrest Oaks Drive
Houston, Texas 77017

CEASE AND DESIST ORDER

Be it remembered that John G. Hinojosa, individually and doing business as JGH Asset Management Company ("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 the 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. 2001) ("Texas Securities Act"), and the Administrative Procedure Act, TEX. GOV'T CODE ANN. § 2001.001 et seq. (Vernon Supp. 2001) ("Administrative Procedure Act").
2. Beginning in or about April, 1997, and continuing through May, 1997, Respondent solicited individuals to invest funds through Respondent, in order to engage in what was described as a low-risk, high-return trading program involving international banks. Some of the investors were told that their funds could earn returns of as much as 100% in 20 days, fully secured with no risk to the principal.

3. Investors placed funds in the purported trading programs offered and sold by and through Respondent for Kairos Financial, L.L.C. The expected profits were to be obtained through the efforts of an undisclosed international trader, as described to investors by Respondent.
4. Respondent retained a portion of the investor funds as compensation for his efforts in raising funds for the trading programs.
5. Respondent received funds from Kairos Financial L.L.C. and paid some of these funds to investors as profits. Later, when Respondent was informed by agents of Kairos Financial, L.L.C. that the returned funds were in fact the return of investors' principal and not profit earned on said principal, Respondent sent part of the returned funds to another purported international trader. This subsequent transfer of funds was contrary to the expressed desire of some investors or never disclosed to other investors.
6. During all times relevant to Respondent's activities described herein, Respondent was not registered with the Securities Commissioner.
7. The contracts executed between the investors and Respondent were not registered with the Securities Commissioner.
8. Respondent agrees to abide by the terms of an Undertaking executed contemporaneously with this Order.

CONCLUSIONS OF LAW

1. The contracts offered and sold by and through Respondent were securities, in the form of investment contracts, as defined by Section 4.A of the Texas Securities Act.
2. The securities were not registered with the Securities Commissioner, as required by Section 7 of the Texas Securities Act.
3. Respondent offered and sold securities at a time when he was not registered with the Securities Commissioner, as required by Section 12 of the Texas Securities Act.
4. Respondent engaged in an act, practice or course of business which operated as a fraud or deceit upon the investors in violation of the Texas Securities Act.
5. The foregoing violations constitute bases for the issuance of a Cease and Desist Order pursuant to Section 23.A of the Texas Securities Act.

ORDER

1. It is therefore ORDERED that Respondent CEASE AND DESIST from the offer and sale of unregistered securities in the State of Texas unless an exemption is available under the Texas Securities Act.
2. It is further ORDERED that Respondent CEASE AND DESIST from acting as an investment advisor or securities dealer and from selling securities or offering securities for sale in the State of Texas unless and until he is registered with the Securities Commissioner or an exemption is available under the Texas Securities Act.
3. It is further ORDERED that Respondent SHALL COMPLY with the terms of the Undertaking as set forth herein.

SIGNED AND ENTERED by the Securities Commissioner this 26th day of July, 2001.


DENISE VOIGT CRAWFORD
Securities Commissioner

Respondent:


John G. Hinojosa, Individually and
dba JGH Asset Management Company

Approved as to form:


David Grauer, Director
Enforcement Division


Frank Pinedo
Attorney for Respondent
1800 Bering Drive, Suite 650
Houston, Texas 77057-3150

ACKNOWLEDGMENT

On the 14th day of MARCH, 2001, John G. Hinojosa, individually and dba JGH Asset Management Company ("Respondent"), personally appeared before me, executed the foregoing Order, and acknowledged that:

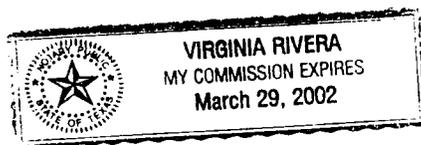
1. Respondent has read the foregoing Order;
2. Respondent has been fully advised of his rights under the Texas Securities Act and the Administrative Procedure Act;
3. Respondent knowingly and voluntarily consents to the entry of the foregoing Order and a separate Undertaking, and the Findings of Fact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

Virginia Rivera

Notary Public in and for
The State of _____

[affix notary seal here]

My commission expires on: _____



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JOHN G. HINOJOSA, INDIVIDUALLY AND
dba JGH ASSET MANAGEMENT COMPANY

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UNDERTAKING FILED WITH THE SECURITIES COMMISSIONER OF TEXAS

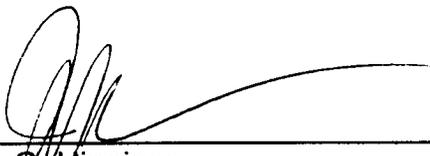
As part of a pending Enforcement matter, Respondent John G. Hinojosa, individually and doing business as JGH Asset Management Company, agrees to the following Undertaking with the Securities Commissioner of Texas:

1. Respondent acknowledges that the definition of securities includes (1) an investment contract, which involves the investment of money in a common enterprise with an expectation of profit to be derived substantially through the efforts of others, and (2) evidence of indebtedness, which involves any contractual obligation to pay money in the future for consideration presently received.
2. Respondent acknowledges that under the Texas Securities Act, any person who deals in any manner with a security is included in the definition of a securities dealer or agent. Respondent further acknowledges that anyone who offers or provides services as an investment advisor for compensation would be included in the definition of a securities dealer or agent.
3. Respondent acknowledges that securities fraud under the Texas Securities Act includes any misrepresentation of a relevant fact; any promise, representation or prediction as to the future not made honestly and in good faith; any intentional failure to disclose a material fact; the gaining, directly or indirectly, through the sale of any security, of an underwriting or promotion fee or profit, a sales commission or management fee or profit, so gross or exorbitant as to be unconscionable; any scheme, device, or other artifice to obtain such profit, fee or commission; and any statements made which are misleading in light of the circumstances under which they were made.
4. Respondent agrees to comply with the dealer registration, the securities registration and the anti-fraud provisions and requirements of the Texas Securities Act and the rules and regulations promulgated thereunder.

5. Respondent agrees to pay the following individuals an amount equal to or greater than the amount shown below, by money order or cashier's check, mailed via certified mail, and to deliver a copy of said money order or cashier's check and the certified mail receipts to the Securities Commissioner contemporaneously with the delivery of this Order:

<u>Investor</u>	<u>Amount</u>
Herminia Lopez 6415 Garvanza, Apt. 107 Los Angeles, California 90042	\$78,000.00
Arturo V. Ramirez 3900 Essex Lane, Suite 777 Houston, Texas 77027	\$30,000.00

Executed, this 14th day of MARCH, 2001.



John G. Hinojosa
Individually, and dba
JGH Asset Management Company

On the 14th day of MARCH, 2001, John G. Hinojosa appeared before me and voluntarily executed the foregoing Undertaking for the purposes stated therein.



Notary Public in and for
The State of _____

[affix notary seal here]

My commission expires on: _____

