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SECURITIES COMMISSIONER

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Texas State Securities Board

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MEMBER

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MEMBER

IN THE MATTER OF
EL GRADO SPIRITS, LLC

§
§

Order No. ENF-11-CDO-1712

TO: El Grado Spirits, LLC
4639 Corona, STE 100
Corpus Christi, Texas 78411

AGREED CEASE AND DESIST ORDER

Be it remembered that El Grado Spirits, LLC ("Respondent"), by and through its Managing Member, Benjamin I. Gonzales, appeared before the Securities Commissioner 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 a 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. (West 2010) (the "Texas Securities Act"), and the Administrative Procedure Act, Tex. Gov't Code Ann. § 2001.001 et seq. (West 2008 & Supp. 2010).
2. Respondent is a Texas limited liability company that maintains a last known address of 4639 Corona, STE 100, Corpus Christi, Texas 78411.
3. Respondent is in the business of developing tequila products.
4. Respondent has offered and sold "royalty participation agreements" in Texas through sales agents who were not registered with the Securities Commissioner.
5. Respondent, through its sales agents, represented that a \$25,000 investment would entitle investors to a forty cent royalty per each case of tequila sold by Respondent.

6. The royalty participation agreements were not registered by qualification, notification or coordination and no permit has been granted for their sale in Texas.
7. Respondent was not registered with the Securities Commissioner as a dealer or agent at any time material hereto.

CONCLUSIONS OF LAW

1. The royalty participation agreements are "securities" as that term is defined by Section 4.A of the Texas Securities Act.
2. Respondent has violated 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 has violated 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 Securities Act.

ORDER

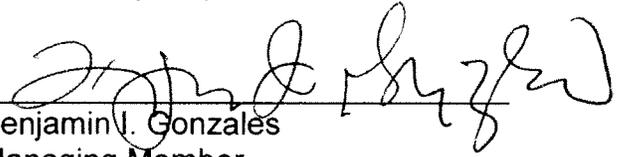
1. It is therefore ORDERED that Respondent immediately CEASE AND DESIST from offering for sale any security in Texas until the security is registered with the Securities Commissioner or is offered for sale pursuant to an exemption from registration under the Texas Securities Act.
2. It is further ORDERED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

SIGNED AND ENTERED by the Securities Commissioner this 16th day of November, 2011.

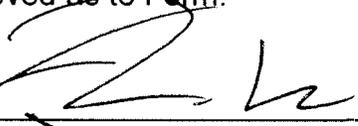
James
Carla James
BENETTE ZIVLEY
Interim Securities Commissioner

Respondent:

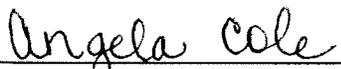
El Grado Spirits, LLC


Benjamin J. Gonzales
Managing Member

Approved as to Form:



Joseph J. Rotunda
Director
Enforcement Division



Angela Cole
Assistant Director
Enforcement Division

ACKNOWLEDGEMENT

On the 8th day of November, 2011, El Grado Spirits, LLC ("Respondent"), by and through its Managing Member, Benjamin I. Gonzales, personally appeared before me, executed the foregoing Order and acknowledged that:

1. Benjamin I. Gonzales is duly authorized to enter into the foregoing Order on behalf of Respondent ;
2. Benjamin I. Gonzales has read the foregoing Order;
3. Respondent has been fully advised of its rights under the Texas Securities Act and the Administrative Procedure Act;
4. Respondent knowingly and voluntarily consents to the entry of the foregoing Order and the Findings of Fact and Conclusions of Law contained therein; and
5. Respondent, by consenting to the entry of the foregoing Order, has knowingly and voluntarily waived its rights as set forth therein.

Catarina D. Alaniz

Notary Public in and for
The State of Texas

My commission expires on: 09-07-2015

[affix notary seal here]

