

DENISE VOIGT CRAWFORD
SECURITIES COMMISSIONER



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State Securities Board

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JOSE ADAN TREVINO
MEMBER

SSB Docket No. 99-017

IN THE MATTER OF
STONE ASSET MANAGEMENT, INC.
AND JEFFERY S. STONE

§
§
§

Order No. CP-1346

TO: Stone Asset Management, Inc.
Jeffery S. Stone, Managing Director
1251 14 Street, Suite 207
Santa Monica, CA 90404

Stone Asset Management, Inc.
Jeffery S. Stone, Managing Director
3610 Armstrong Avenue
Dallas, TX 75205

Jeffery S. Stone
Lew Sterrett Center (County Jail Lockup)
Booking Number #98101160
111 West Commerce Street
Dallas, TX 75207

CEASE PUBLICATION ORDER

This is your OFFICIAL NOTICE of the issuance by the Securities Commissioner of the State of Texas ("Securities Commissioner") of an ORDER TO CEASE PUBLICATION pursuant to Section 23.B of The Securities Act, TEX. REV. CIV. STAT. ANN. art. 581-1 et seq. (Vernon 1964 & Supp. 1999) ("Texas Securities Act") of materials published and disseminated within the State of Texas relating to the offer for sale and sale of securities.

1. The Staff of the Enforcement Division of the Texas State Securities Board ("the Staff") has presented evidence sufficient for the Securities Commissioner to find that Stone Asset Management, Inc. ("Respondent SAM") and Jeffery S. Stone ("Respondent Stone") (collectively "Respondents"), have made offers for sale of securities which contain statements that are materially misleading or otherwise likely to deceive the public.

2. The Staff has presented evidence sufficient for the Securities Commissioner to find that Respondent SAM's charter was forfeited for failure to pay franchise taxes on or about August 8, 1995.
3. The staff has presented evidence sufficient for the Securities Commissioner to find that Respondent Stone is the only officer of SAM listed with the Secretary of State.
4. The Staff has presented evidence sufficient for the Securities Commissioner to find that Respondents have placed, or permitted to be placed, an advertisement on the Internet, located at website "http://www.stoneasset.com", which seeks to sell securities in SAM described as "shares". SAM's stated objective is to facilitate capital formation support and business consultation services.
5. The Staff has presented evidence sufficient for the Securities Commissioner to find that Respondent SAM was not registered as a dealer to offer and sell securities and that the securities being offered were not registered as required by the provisions of the Texas Securities Act.
6. The Staff has presented evidence sufficient for the Securities Commissioner to find that Respondent Stone has not been registered with the Securities Commissioner of Texas as a dealer or agent since September 7, 1996.
7. The Staff has presented evidence sufficient for the Securities Commissioner to find that, in connection with the offer for sale of securities within the State of Texas, relating to the offer of the above-referenced securities, Respondents have made statements regarding the background and experience of Respondent Stone in the securities industry that are materially misleading or otherwise have misled or deceived offerees by intentionally failing to disclose the following material facts:
 - a. Respondent Stone was subject to Texas State Securities Board Order No. CEN/SSO-970 dated October 25, 1993, which placed Respondent Stone on probation for one year for offering and selling securities at a time when he was not properly registered with the Securities Commissioner.
 - b. Respondent Stone was subject to Texas State Securities Board Order No. CDO-1032 dated January 18, 1995, which suspended Respondent Stone for 45 days from offering and selling securities at a time when he was not properly registered with the Commissioner.
 - c. Respondent Stone is the subject of a pending indictment for three counts of Conspiracy to Commit Wire Fraud and Commercial Bribery, Title 18, U.S.C, Sections 371, 1343 and 1346, and is currently awaiting trial in the United States District Court, Southern District of New York, scheduled to commence on April 20, 1999.

- d. Respondent Stone was convicted of a felony Driving While Intoxicated on November 20, 1992. On November 11, 1998, Stone was arrested and incarcerated in the Dallas County jail for violating the terms of his probation. Respondent Stone is currently awaiting transfer to the Texas Department of Corrections, to begin serving a ten year sentence.

The Securities Commissioner hereby FINDS and is of the opinion that the evidence presented by the Staff shows that, in connection with the offer for sale and sale of securities, the sales materials used by Respondents are misleading or likely to deceive the public.

The Securities Commissioner further FINDS and is of the opinion that the evidence presented by the Staff demonstrates sufficient proof of grounds necessary for the issuance of an ORDER TO CEASE PUBLICATION as provided by Section 23.B of the Texas Securities Act.

ORDER

It is therefore ORDERED by the Securities Commissioner, pursuant to Section 23.B of the Texas Securities Act, that Stone Asset Management, Inc. and Jeffery S. Stone CEASE PUBLICATION, dissemination and use of advertisements and sales materials in Texas that are materially misleading or otherwise likely to deceive the public in connection with the offer for sale or sale of securities issued by Stone Asset Management, Inc.

Dated this 1st day of March, 1999.



DENISE VOIGT CRAWFORD
Securities Commissioner