



NEWS RELEASE

For Immediate Release - March 16, 2009

Contact: Fred J. Joseph, Securities Commissioner or Gerald Rome,
Deputy Securities Commissioner at (303) 894-2320

SAN DIEGO REAL ESTATE COMPANY SANCTIONED BY SECURITIES COMMISSIONER

Denver, Colorado --- Colorado Securities Commissioner Fred J. Joseph announced today that he has entered a final cease and desist order against a San Diego, California real estate company for allegedly violating the securities registration provisions of the Colorado Securities Act ("Act") in connection with the offer of securities in and from Colorado.

Named in the Order are **Sovereign Capital Management, Inc.**, the president and CEO of Sovereign, **Todd Anthony Mikles**, and the vice-president of Sovereign, **James Hadzicki**, all of San Diego, California.

The Staff of the Division of Securities (the "Staff") has alleged that in October and November of 2008, Sovereign attempted to sell investments in various real estate projects by advertising its offering in a Southwest Airlines' magazine, *Spirit*, and through its web site on the internet. At the time of the offering, Sovereign was promoting various investments in multi-family commercial real estate developments in various states, including California and Colorado. The Staff alleged that Sovereign failed to register its security offering and, by offering the investment opportunity to the public at large through the use advertisements in magazines and on the internet, Sovereign was unable to take advantage of any private offering exemption under the Act. "Soliciting investors through general advertising for private offerings of securities is a violation of the law when those securities have not been registered," said Commissioner Joseph. "Investors should always be wary of stock offerings promoted through the use of general advertising. Contact our office to verify that securities have been properly registered before purchasing any security after seeing an ad."

The cease and desist order, which Sovereign, Mikles, and Hadzicki agreed to, orders them to immediately and permanently cease and desist offering or selling any "security" in or from the State of Colorado without first registering the securities in the State of Colorado or otherwise engaging in conduct in violation of any provision of the Act. The order was made final on March 13, 2009.

A copy of the Order can be found at:

<http://www.dora.state.co.us/securities/enforcement.htm#CeaseDesist>

DORA is dedicated to preserving the integrity of the marketplace and is committed to promoting a fair and competitive business environment in Colorado. Consumer protection is our mission.

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