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11 **BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION**
12 **OF THE STATE OF CALIFORNIA**

13 In the Matter of:

CRD NO.: 833875

14 THE COMMISSIONER OF THE
15 DEPARTMENT OF FINANCIAL
PROTECTION AND INNOVATION,

ACCUSATION

16 Complainant,

17 v.

18 JAN EARL HAYNES, an individual,

19 Respondents.

20 Clothilde V. Hewlett, Commissioner of the Department of Financial Protection and
21 Innovation (Department), acting to protect the public, alleges and charges as follows:

22 **I.**

23 **Jurisdiction**

24 1. The Commissioner brings this action pursuant to the provisions of the Corporate
25 Securities Law of 1968 (CSL) (Corporations Code section 25000 et seq.), sections 25401 and 25216
26 and the rules and regulations promulgated thereunder (CCR) (Code of Regulations, title 10, section
27 250.9 et seq.).

28 2. The Commissioner administers and enforces the provisions of the CSL and the CCR.

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III.

Haynes Should be Barred from the Investment Industry

12. CSL section 25213 provides, in part, that:

The commissioner may, after appropriate notice and opportunity for hearing, by order . . . bar from any position of employment, management or control of any broker-dealer or investment adviser, any officer, director, partner, agent, employee of, or person performing similar functions for, a broker-dealer, or any other person, if the commissioner finds that the . . . bar is in the public interest and that the person has committed any act or omission enumerated in subdivision . . . (e) . . . of Section 25212.

(Corp. Code, § 25213.)

13. CSL section 25212, subdivision (e), prohibits “willful” violations of any provision of the CSL (Title 4 of the Corporations Code, commencing with section 25000), or any rule or regulation under the CSL.

14. Pursuant to CSL sections 25213 and 25212, Haynes should be barred from the investment industry because he committed willful violations of the CSL, specifically sections 25401 and 25216, and the CCR, specifically section 260.216.

A. Haynes Committed Willful Violations of CSL Section 25401

15. CSL section 25401 provides, in part, that:

It is unlawful for any person to offer or sell a security in this state, or to buy or offer to buy a security in this state, by means of any written or oral communication that includes an untrue statement of a material fact or omits to state a material fact necessary to make the statements made, in the light of the circumstances under which the statements were made, not misleading.

(Corp. Code, § 25401.)

16. In connection with the offer and sale of securities, Haynes made, or caused to be made, misrepresentations of material fact to clients.

17. First, Haynes represented that the membership interests that he offered to sell to clients were membership interests in funds managed by Apollo Global Management. In fact, Apollo Global Management did not manage the Funds.

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1 18. Second, Haynes represented that he would invest client money in the Funds. Instead,
2 Haynes accepted client money and used that money to pay business and personal expenses.

3 19. Haynes made misrepresentations of material fact to clients with the purpose or
4 willingness to commit the acts, or make the omissions referred to.

5 **B. Haynes Committed Willful Violations of CSL Section 25216 and CCR section 260.216**

6 20. CSL section 25216 provides, in part, that:

7 No broker-dealer or agent shall effect any transaction in, or induce or
8 attempt to induce the purchase or sale of, any security in this state by
9 means of any manipulative, deceptive or other fraudulent scheme, device,
10 or contrivance. The commissioner shall, for the purposes of this
subdivision, by rule define such schemes, devices or contrivances as are
manipulative, deceptive, or otherwise fraudulent.

11 (Corp. Code, § 25216, subdivision (a).)

12 21. CCR section 260.216 provides, in part, that:

13 The phrase “manipulative, deceptive, or other fraudulent scheme, device, or
14 contrivance,” as used in subdivision (a) of Section 25216 of the [CSL] is
hereby defined to include:

15 (a) Any act, practice, or course of business which operates or would operate
16 as a fraud or deceit upon any person; and

17 (b) Any untrue statement of a material fact and any omission to state a
18 material fact necessary in order to make the statements made, in the light of
19 the circumstances under which they are made, not misleading, if the person
making the statement or omission knows or has reasonable grounds to
believe that it is untrue or misleading.

20 (Cal. Code Regs., Title 10, section 260.216.)

21 22. Haynes engaged in a manipulative, deceptive, or fraudulent scheme by representing
22 to clients that Haynes would invest client money in funds that were managed by Apollo Global
23 Management, when in fact, the Funds were not managed by Apollo Global Management and
24 Haynes instead used client money to pay for business and person expenses.

25 23. Further, Haynes perpetuated this manipulative, deceptive, or fraudulent scheme by
26 providing periodic account statements to clients which purported to show the status of client
27 investments in the Funds.

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