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BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
OF THE STATE OF CALIFORNIA

In the Matter of:

THE COMMISSIONER OF FINANCIAL
PROTECTION AND INNOVATION,

Complainant,

v.

LEGACY PUBLISHING INC., and
CHARLES J. HUGHES,

Respondents.

SETTLEMENT AGREEMENT

The Commissioner of Financial Protection and Innovation (Commissioner), respondent Legacy Publishing LLC (Legacy), and respondent Charles J. Hughes (Hughes) (collectively, the "Respondents") enter into this Settlement Agreement (Agreement) with respect to the following facts:

I.

RECITALS

A. The Commissioner is authorized to administer and enforce the provisions of the Corporate Securities Law of 1968 (CSL). *See* Cal. Corp. Code §§ 25000-25707. Under section 25600, the Commissioner is authorized to administer and enforce the provisions of the CSL and the regulations promulgated thereunder.

B. At all relevant times herein, Legacy is and was a California limited liability company, with a principal place of business at 225 Crossroads Blvd, Suite 201, Carmel, California 93923.

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- C. At all relevant times, Hughes is and was the managing member and majority owner of Legacy Publishing LLC.
- D. From at least January 2015 through September 2024, Respondents operated certain subscription signal services which generated non-customized trading signals.
- E. Respondents admit to the jurisdiction of the Department of Financial Protection and Innovation (Department) and it is the intention of the Respondents to resolve this matter without the necessity of a hearing and/or other litigation.
- F. The Commissioner finds this action is appropriate, in the public interest, is necessary for the protection of investors, and is consistent with the purposes fairly intended by the policies and procedures of the CSL.
- G. The Commissioner and the Respondents will collectively be referred to as the Parties.
- H. NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions set forth herein, the Parties agree as follows:

II.

TERMS AND CONDITIONS

1. Purpose: This Agreement resolves the issues before the Commissioner, set forth above, in a manner that avoids the expense of a hearing and other possible court proceedings, protects consumers, is in the public interest, and is consistent with the purposes and provisions of the CSL.
2. Undertaking: Respondents undertake and agree to the following:
 - a. Not collect any customized or personalized information from subscribers except as required to process credit card payments;
 - b. Not take discretion over any subscriber's trading account;
 - c. Instruct any third-party marketer promoting Legacy's services to refrain from providing the names of brokerage firms which might be willing to arrange for auto-trading with Legacy's subscribers or promoting Legacy's services in connection with auto-trading;
 - d. Confirm that Legacy's marketing materials do not reference or otherwise promote auto-trading and that Legacy will not provide subscribers with the names of brokerage firms which might be willing to arrange for auto-trading with subscribers;

1 e. Agree not to arrange or facilitate auto-trading arrangements for Legacy's
2 subscribers with broker dealers even upon subscribers' request;

3 f. Not recommend a particular subscription service based upon a subscriber's
4 unique circumstances or individual/personalized information shared by the subscriber;

5 g. Not to provide any assistance or respond to subscribers' requests for
6 information regarding integration of Legacy's products or services with auto-trading; and

7 h. Prominently disclose on Legacy's website, and on all Legacy subscription
8 forms, that Legacy does not facilitate or support auto-trading.

9 3. Refunds: Respondents agree to refund fees or payments collected from 14 California-
10 based customers, whose names were disclosed previously to the Commissioner, and who the
11 Commissioner asserts engaged in "auto-trading" (Customers), totaling \$83,494.00. Respondents shall
12 make the refunds no later than 30 days after the Effective Date. Respondents shall submit evidence of
13 the refunds to Ryan M. Cassidy, Counsel, Department of Financial Protection and Innovation,
14 Enforcement Division, via email: Ryan.Cassidy@dfpi.ca.gov no later than 60 days after the Effective
15 Date. Evidence of refunds shall include Customer's name, last known address and/or any other contact
16 information, copies of cleared refund checks, copies of credit payment to customer credit cards, and
17 copies of certified mail receipts for any checks not cleared. Respondents shall escheat any unclaimed
18 refunds to the California State Controller's Office within the period provided by Code of Civil
19 Procedure section 1520 of the Unclaimed Property Law (Code of Civ. Proc., § 1500, et seq.).

20 4. Waiver of Hearing Rights: Respondents acknowledge that the Commissioner is ready,
21 willing, and able to proceed with the filing of an administrative enforcement action on the charges
22 contained in this Agreement. Respondents hereby waive the right to any hearings, and to any
23 reconsideration, appeal, or other right to review which may be afforded pursuant to the CSL, the
24 California Administrative Procedure Act (APA), the California Code of Civil Procedure (CCP), or any
25 other provision of law. Respondents further expressly waive any requirement for the filing of an action
26 pursuant to Government Code section 11415.60(b). By waiving such rights, Respondents effectively
27 consent to this Agreement and all the terms becoming final.

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1 5. Failure to Comply with Settlement Agreement: Respondents agree that if they fail to
2 meet the requirements in item 3 of this Agreement, the Commissioner may, in addition to all other
3 available remedies he may invoke under the CSL, immediately bar Hughes from any position of
4 employment, management or control of any investment adviser, broker dealer or commodity adviser.
5 Respondents hereby waive any notice and hearing rights to contest the immediate bar of Hughes,
6 which may be afforded under the CSL, the APA, the CCP, or any other provision of law in connection
7 therewith.

8 6. Information Willfully Withheld or Misrepresented: This Agreement may be revoked,
9 and the Commissioner may pursue any and all remedies available under law against Respondents if the
10 Commissioner discovers that Respondents knowingly or willfully withheld or misrepresented
11 information used for and relied upon in this Agreement.

12 7. Future Actions by Commissioner: If Respondents fail to comply with any terms of the
13 Agreement, the Commissioner may institute proceedings for any and all violations otherwise resolved
14 under this Agreement. The Commissioner reserves the right to bring any future actions against
15 Respondents, for any and all unknown violations of the CSL or any other law under the
16 Commissioner's jurisdiction.

17 8. Assisting Other Agencies: Nothing in this Agreement limits the Commissioner's ability
18 to assist any other government agency (whether city, county, state, or federal) with any administrative,
19 civil or criminal action brought by that agency against Respondents or any other person based upon
20 any of the activities alleged in this matter or otherwise.

21 9. Headings: The headings to the paragraphs of this Agreement are inserted for
22 convenience only and will not be deemed a part hereof or affect the construction or interpretation of
23 the provisions hereof.

24 10. Binding: This Agreement is binding on all heirs, assigns, and/or successors in interest.

25 11. Reliance: Each of the Parties represents, warrants, and agrees that in executing this
26 Agreement it has relied solely on the statements set forth herein and the advice of its own counsel.
27 Each of the Parties further represents, warrants, and agrees that in executing this Agreement it has
28 placed no reliance on any statement, representation, or promise of any other party, or any other person

1 or entity not expressly set forth herein, or upon the failure of any party or any other person or entity to
2 make any statement, representation or disclosure of anything whatsoever. The Parties have included
3 this clause: (1) to preclude any claim that any party was in any way fraudulently induced to execute
4 this Agreement; and (2) to preclude the introduction of parol evidence to vary, interpret, supplement,
5 or contradict the terms of this Agreement.

6 12. Waiver, Amendments, and Modifications: No waiver, amendment, or modification of
7 this Agreement will be valid or binding unless it is in writing and signed by each of the Respondents.
8 The waiver of any provision of this Agreement will not be deemed a waiver of any other provision. No
9 waiver by either party of any breach of, or of compliance with, any condition or provision of this
10 Agreement by the other party will be considered a waiver of any other condition or provision or of the
11 same condition or provision at another time.

12 13. Full Integration: This Agreement is the final written expression and the complete and
13 exclusive statement of all the agreements, conditions, promises, representations, and covenant between
14 the Respondents with respect to the subject matter hereof, and supersedes all prior or contemporaneous
15 agreements, negotiations, representations, understandings, and discussions between and among the
16 Respondents, their respective representatives, and any other person or entity with respect to the subject
17 matter covered hereby.

18 14. Governing Law: This Agreement will be governed by and construed in accordance with
19 California law. Each of the parties hereto consents to the jurisdiction of such court in California,
20 administrative or otherwise, best suited to handle any action or proceeding under this Agreement, and
21 hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum
22 to the maintenance of such action or proceeding in such court.

23 15. Counterparts: This Agreement may be executed in one or more separate counterparts,
24 each of which when so executed, shall be deemed an original. Such counterparts shall together
25 constitute a single document.

26 16. Effect Upon Future Proceedings: If Respondents apply for any license, certificate,
27 registration, permit, or qualification under the Commissioner's current or future jurisdiction, or is the

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1 subject of any future action by the Commissioner to enforce this Agreement, then the subject matter
2 hereof shall be admitted for the purpose of such application(s) or enforcement proceeding(s).

3 17. Voluntary Agreement: Respondents enter into this Agreement voluntarily and without
4 coercion and acknowledge that no promises, threats or assurances have been made by the
5 Commissioner or any officer, or agent thereof, about this Agreement. The Respondents each represent
6 and acknowledge that he, she or it is executing this Agreement completely voluntarily and without any
7 duress or undue influence of any kind from any source.

8 18. Notice: Any notice required under this Agreement shall be provided to each party at the
9 following addresses:

10 To Respondent: Charles J. Hughes
11 Legacy Publishing LLC
12 225 Crossroads Blvd, Suite 201
Carmel, California 93923

13 With a copy to: Jeffry Henderson
14 77 West Wacker Drive, Suite 3100
15 Chicago, Illinois 60601
hendersonj@gtlaw.com

16 To the Commissioner: Ryan M. Cassidy, Counsel
17 Department of Financial Protection and Innovation
18 2101 Arena Boulevard
19 Sacramento, California 95834
Ryan.Cassidy@dfpi.ca.gov

20 19. Signatures: A fax or electronic mail signature shall be deemed the same as an original
21 signature.

22 20. Public Record: Respondents hereby acknowledge that this Agreement is and will be a
23 matter of public record.

24 21. Effective Date: This Agreement shall become final and effective when signed by all
25 Parties and delivered by the Commissioner's agent via e-mail to Respondents' agent, Jeffry
26 Henderson, at hendersonj@gtlaw.com.

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22. Authority to Sign: Each signatory hereto covenants that he/she possesses all necessary capacity and authority to sign and enter into this Agreement and undertake the obligations set forth herein.

Dated: February 25, 2025
Sacramento, California

KHALIL MOHSENI
Commissioner of Financial Protection and Innovation



By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division

Dated: February 24, 2025

By _____
CHARLES J. HUGHES, as an Individual and on behalf
of Legacy Publishing LLC

APPROVED AS TO FORM AND CONTENT

Dated: February 24, 2025

By _____
JEFFRY HENDERSON
Greenberg Traurig, LLP
Counsel for Legacy Publishing LLC and Charles J.
Hughes