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

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| <p>10 In the Matter of:</p> <p>11 THE COMMISSIONER OF FINANCIAL 12 PROTECTION AND INNOVATION, 13 Complainant, 14 v. 15 WILLIAM MERRITT OWENS, 16 Respondent.</p> | <p>FINAL ORDER LEVYING ADMINISTRATIVE PENALTIES (Corp. Code § 25252)</p> |
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18 The Commissioner of Financial Protection and Innovation (Commissioner) finds that:

19 **I.**
20 **INTRODUCTION**

21 1. The Commissioner brings this action pursuant to the provisions of the Corporate
22 Securities Law of 1968 (CSL)¹, which covers the offer and sale of securities. Under Financial Code
23 section 326(a), the Commissioner is authorized to administer and enforce the provisions of the CSL
24 and the regulations promulgated thereunder.

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28 ¹ See Cal. Corp. Code §§ 25000-25707. Unless stated otherwise, all section references are to the Corporations Code.

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II.

STATEMENT OF FACTS

2. At all relevant times herein, William Merritt Owens (Owens), is and was a California resident, located at 270 N. El Camino Real, #F288, Encinitas, California 92024, conducting business by telephone at (760) 518-4373 and by email at owenssd@gmail.com.

3. At all relevant times, Open Market Exchange Network, Inc. (OMXN), was a Wyoming corporation, located at 270 N. El Camino Real, #F288, Encinitas, California 92024.

4. Beginning in or about Month 2019, Owens offered and/or sold securities, in the form of investment contracts in California through telephone calls and email correspondence.

5. Owens told prospective investors that the proceeds from the sales of these securities would help fund the development of a blockchain based banking system and a new gold-backed currency and provided actual investors with either a “Memorandum of Agreement”, promissory note, or both.

6. Owens sold these securities to at least 13 investors, residing in California and elsewhere, in at least 30 separate transactions, raising at least \$133,500.00.

7. Section 25110 prohibits the offer or sale of unqualified, non-exempt securities in issuer transactions in the State of California. The securities offered and sold by the Owens in issuer transactions, are subject to qualification under the CSL. These securities were offered or sold in this state in issuer transactions. The Department has not issued a permit or other form of qualification authorizing any person to offer or sell the above-described securities in this state. The offer or sale of these securities is not exempt.

8. In connection with the offers and sales of these securities, Owens made, or caused to be made, misrepresentations of material fact to investors and potential investors, including that:

- a. Owens had an exclusive licensing agreement with a firm known as Manhattan First, Inc (MFI);
- b. MFI would distribute several million dollars to Owens after the closing of “the deal”; and

1 c. Investors would receive a 2000% return on investment, along with OMXN
2 shares, within 10 days of receiving “the distribution” from MFI.

3 9. In fact, none of these statements were true.

4 10. In connection with the offers and sales of these securities, Owens made, or caused to
5 be made, omissions of material fact to investors and potential investors, including the following:

6 a. Investor funds would be deposited in Owens’ personal bank account;

7 b. Investor funds would be immediately withdrawn in cash from the bank
8 account;

9 c. Investor funds would be used for Owens’ personal expenses or transferred to
10 Owens’ family members;

11 d. The offer or sale of these securities were not qualified, nor exempt, in
12 California; and

13 e. OMXN was never registered in California as a corporation and never filed as a
14 foreign corporation in California.

15 11. Section 25401 prohibits the offer or sale of securities in this state by means of written
16 or oral communications that include untrue statements of material fact or omit materials facts
17 necessary in order to make the statements made, in light of the circumstances under which they were
18 made, not misleading. The omissions and misrepresentations of Owens are material facts necessary in
19 order to make the statements made, in the light of the circumstances under which they were made, not
20 misleading.

21 12. On September 30, 2025, the Commissioner issued a notice of intent to issue order
22 levying administrative penalties (Penalty Order).

23 13. On September 30, 2025, Owens was served with the Orders, Commissioner’s notice of
24 intention to issue the aforementioned Penalty Order (Notice of Intention), Statement to Respondents,
25 a Notice of Defense, and Government Code sections 11507.5, 11507.6, and 11507.7.

26 14. The Commissioner has not received a request for hearing, and the statutory time
27 period to request a hearing has expired.

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III.

FINAL ORDER LEVYING ADMINISTRATIVE PENALTIES

15. The Commissioner re-alleges and reincorporates by reference paragraphs 1-15 of this Final Order Levying Administrative Penalties as fully set forth herein.

16. Section 25252 authorizes the Commissioner to issue an order levying administrative penalties against any person for willful violations of any provision of the CSL and any rules promulgated thereunder. Specifically, section 25252 provides, in relevant part:

The commissioner may, after appropriate notice and opportunity for hearing, by orders, levy administrative penalties as follows: (a) Any person subject to this division, other than a broker-dealer or investment adviser, who willfully violates any provision of this division, or who willfully violates any rule or order adopted or issued pursuant to this division, is liable for administrative penalties of not more than one thousand dollars (\$1,000) for the first violation, and not more than two thousand five hundred dollars (\$2,500) for each subsequent violation.

17. Based on the foregoing findings of fact, as set forth fully above in paragraphs 1-15, Owens willfully violated section 25110 by offering the above-described securities in California in issuer transactions without a permit or other form of qualification from the Department authorizing any person to offer or see these securities in the form of promissory notes.

18. Also based on the foregoing findings of fact, as set forth fully above in paragraphs 1-15, Owens willfully violated section 25401 by making untrue statements or omissions in association with the offer and sale of securities in the form of promissory notes in California and elsewhere, to at least five investors.

19. WHEREFORE, good cause showing, and pursuant to section 25252, the Commissioner enters this final order levying administrative penalties in the amount of \$581,000.00 against Owens, as follows:

- a) First Violation: \$1,000.00 for the first violation of Corporations Code 25110;
- b) Additional violations:
 - i. \$2,500.00 for the remaining 34 transactions;
 - ii. \$2,500.00 for the misrepresentation in paragraph 8.a, made in at least 16 transactions;

