

1 6. Happe told prospective investors that the investments would be used to purchase
2 nonperforming mortgage notes. According to Happe, based on his extensive industry experience, he
3 would purchase mortgage notes at a deep discount and would negotiate a payment plan to enable
4 motivated borrowers to resume monthly payments. Once the mortgage note was performing, Happe
5 would sell the mortgage note for a profit, which would be split with the investors. Additionally, the
6 mortgage note would be secured by a first lien on the property, and Happe would institute foreclosure
7 proceedings if the borrower failed to resume payments. Happe would manage all aspects of the
8 investment including finding the investment opportunity, purchasing the note, drafting the deal terms,
9 negotiating with the borrower, and subsequently selling the note for profit. Main Street and Happe
10 would be responsible for management of the joint venture and investors would remain passive (the
11 Mortgage Note Program).

12 7. For example, in March of 2018, Happe solicited Texas investor M.T., whom he had met
13 online, to invest \$300,000 into his Mortgage Note Program by entering into a joint venture agreement
14 with Main Street. M.T. did not have prior experience investing in joint ventures or nonperforming
15 notes. Happe told M.T. that he would earn 12% per year, and that they would split the profits when
16 Happe sold the mortgage notes within five years. Happe and Main Street did not take reasonable steps
17 to verify whether M.T. was an accredited investor.

18 8. Happe and Main Street provided M.T. with 1% monthly returns or \$3,000 per month
19 from April of 2018 through October of 2022. However, Happe and Main Street failed to make the
20 November 2022 payment and has failed to make all subsequent payments.

21 9. At all relevant times, Happe had sole possession, custody, and control of the joint
22 venture's books and records. The joint venture agreement provided M.T. with the right to inspect the
23 joint venture's books and records upon 3 days' notice. However, after investing, when M.T. asked
24 Happe for information and documents about the nonperforming mortgage notes he invested in,
25 including the address of the subject real property, or proof that the joint venture had secured the lien in
26 the underlying properties, Happe denied the request and instead told him that he was prohibited by law
27 from providing the requested information to M.T.

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1 10. When M.T. inquired about the status of his investment, Happe continuously stalled and
2 promised M.T. that the payment was forthcoming. However, to date, M.T. has not been repaid and has
3 lost a substantial portion of his initial investment.

4 11. Similarly, in August of 2018, Happe solicited Missouri investor S.C. to invest \$100,000
5 into his Mortgage Note Program by entering into a joint venture agreement with Main Street. Happe
6 did not have a preexisting relationship with S.C. Instead, he met S.C. through another investor. S.C.
7 did not have prior experience investing in joint ventures or non-performing notes. Happe told S.C. that
8 S.C. would earn 15% per year, and that they would split the profits when Happe sold the mortgage
9 notes. Happe also told S.C. that the investment was safe because it was secured by the underlying real
10 property. Happe and Main Street did not take reasonable steps to verify whether S.C. was an accredited
11 investor.

12 12. Happe solicited S.C. for additional investments. S.C. invested over \$700,000.

13 13. Happe and Main Street provided S.C. with monthly returns until the COVID-19
14 foreclosure moratorium in March of 2020. Happe and Main Street failed to resume payments after the
15 federal moratorium expired in July of 2021.

16 14. At all relevant times, Happe had sole possession, custody, and control of the joint
17 venture's books and records. The joint venture agreement provided S.C. with the right to inspect the
18 joint venture's books and records upon 3 days' notice. However, after investing, when S.C. asked
19 Happe for information and documents about the nonperforming mortgage notes he invested in,
20 including the address of the subject real property, or proof that the joint venture had secured the lien in
21 the underlying properties, Happe denied the request and instead told S.C. that he was prohibited by law
22 from providing the requested information to S.C.

23 15. When S.C. inquired about the status of the investment, Happe continuously stalled and
24 promised S.C. that the payment was forthcoming. However, to date, S.C. has not been repaid and has
25 lost a substantial portion of S.C.'s initial investment.

26 16. Similarly, in February of 2020, Happe solicited Florida investor B.O. to invest \$47,137
27 in his nonperforming mortgage note program by entering into a joint venture agreement with Main
28 Street. B.O. did not have prior experience investing in joint ventures or nonperforming notes. Happe

1 told B.O. that he purchased a note for \$98,725 on a property in Tampa, Florida that had a fair market
2 value of \$231,000. Happe would negotiate with the borrower to incentivize them to resume payments
3 on the mortgage note. Happe stated that B.O.'s profits could range from \$19,185 to \$24,068.

4 17. The joint venture agreement provided B.O. with the right to inspect the joint venture's
5 books and records upon 3 days' notice. Happe had sole possession and control of the joint venture's
6 books and records. However, shortly after investing, when B.O. asked Happe for information and
7 documents about the nonperforming mortgage note he invested in, including the address of the subject
8 real property and a copy of the deed, Happe denied the request and instead told B.O. that it would be
9 against the law for him to provide the requested information.

10 18. From at least April 2023 to the present, after not receiving any repayments on the note,
11 Happe told B.O. that the subject property would be auctioned and that he was trying to get a court date.
12 However, to date, B.O. has not been repaid and has lost the entirety of the \$47,137 investment.

13 Based on the foregoing findings, the Commissioner is of the opinion that the joint venture
14 agreements offered and sold by Main Street Associates, Inc. a.k.a. Main Street Capital Partners and
15 Ronald Eugene Happe are securities, in the form of investment contracts, under California Corporations
16 Code section 25019, and were subject to qualification under the CSL and have been or are being offered
17 or sold without first being qualified or exempt in violation of Corporations Code section 25110. The
18 Department has not issued a permit or other form of qualification authorizing Main Street to sell these
19 securities in California.

20 Pursuant to section 25532 of the CSL, Main Street Associates, Inc. a.k.a. Main Street Capital
21 Partners and Ronald Eugene Happe are hereby ordered to desist and refrain from the further offer or
22 sale of securities in California, including, but not limited to joint venture investments for the purchase
23 of nonperforming mortgage notes, unless and until the qualification requirements of the CSL have been
24 met, or unless and until such securities or transactions are excepted, exempt, or otherwise not subject
25 to qualification.

26 In addition, the Commissioner is of the opinion that Main Street Associates, Inc. a.k.a. Main
27 Street Capital Partners and Ronald Eugene Happe sold securities in California by means of written or
28 oral communications which included untrue statements of a material fact or omitted to state material

1 facts necessary in order to make the statements made, in light of the circumstances in which they were
2 made, not misleading in violation of CSL section 25401 by representing to investors that they would
3 have the right to inspect the joint venture’s books and records upon 3 days’ notice. After investors
4 provided their funds, they were denied access to the joint venture’s records.

5 Pursuant to Corporations Code section 25532, Main Street Associates, Inc. a.k.a. Main Street
6 Capital Partners and Ronald Eugene Happe are hereby ordered to desist and refrain from offering or
7 selling or buying or offering to buy any security in California, including but not limited to joint venture
8 agreements, by means of any written or oral communication which includes an untrue statement of a
9 material fact or omits to state a material fact necessary in order to make the statements made, in light
10 of the circumstances in which they were made, not misleading.

11 Pursuant to Corporations Code section 25403, any person who with knowledge directly or
12 indirectly controls and induces any other person to violate a provision of the CSL, or any person who
13 knowingly provides substantial assistance to another person in violation of the CSL shall be liable for
14 the violation.

15 This Order is necessary, in the public interest, for the protection of investors and is consistent
16 with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

17 Dated: December 1, 2025
18 Los Angeles, California

KHALIL MOHSENI
Commissioner of Financial Protection &
Innovation



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21 By _____
22 MARY ANN SMITH
23 Deputy Commissioner
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