| 1  | STATE OF CALIFORNIA  |
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| 2  | BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY<br>DEPARTMENT OF BUSINESS OVERSIGHT                   |
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| 4  | TO: AG-Wise, Inc.  |
| 5  | Eric Mireles, President<br>358 West D Street, Suite E  |
| 6  | Lemoore, California 93245  |
| 7  | 400 Fairview Drive   |
| 8  | Lemoore, California 93245  |
| 9  | Saddleback Resolution Group, LLC   |
| 10 | Ali Barkhordar, Managing Member<br>6 Santa Eulalia   |
| 11 | Irvine, California 92606   |
| 12 | 28015 Smyth Dr.  |
| 13 | Valencia, California 91355   |
| 14 | DESIST AND REFRAIN ORDER   |
| 15 | (For violations of sections 25110 and 25401 of the Corporations Code)                                |
| 16 | The Commissioner of Business Oversight (Commissioner) finds that:                                    |
| 17 | 1. At all relevant times herein, AG-Wise, Inc. (AG) was a California corporation with                |
| 18 | principal addresses of 358 West D Street, Suite E, and 400 Fairview Dr., both in Lemoore, California |
| 19 | 93245. AG was authorized to conduct business in California (except for a Franchise Tax Board         |
| 20 | suspension from August 1, 2011 through August 24, 2011) until January 2, 2014, when the Franchise    |
| 21 | Tax Board suspended the company's registration for failure to meet state tax requirements.           |
| 22 | 2. At all relevant times herein, Eric Mireles (Mireles) was the President and Chief                  |
| 23 | Executive Officer of AG.   |
| 24 | 3. AG's business was purportedly the planting, cultivating, and harvesting of cotton                 |
| 25 | crops in Lemoore, California   |
| 26 | 4. At all relevant times herein, Saddleback Resolution Group, LLC (Saddleback) was a                 |
| 27 | California limited liability company with principal addresses of 6 Santa Eulalia, Irvine, California |
| 28 | 92606 and 28015 Smyth Dr., Valencia, California 91355. Saddleback was authorized to conduct          |
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business in California until November 12, 2016, when the Secretary of State suspended the 2 company's registration.

5. At all relevant times herein, Ali Barkhordar (Barkhordar) was the only member and the Managing Member of Saddleback.

In September 2003, the Commissioner registered Barkhordar as an investment adviser.

7. On April 25, 2012, the Commissioner revoked Barkhordar's investment adviser license for violation of the Commissioner's order to provide documents and information regarding possible violations of the Corporate Securities Law of 1968 (CSL) by Barkhordar.

9 8. Beginning in or before September 2012, AG, Mireles, Saddleback and Barkhordar 10 (collectively, Respondents) offered and sold securities in the form of promissory notes to California investors. Respondents raised more than \$735,000.

9. Respondents told investors that they would receive at least a 10 percent return on their investments from the profits of AG's cotton crop. Respondents told investors that their funds would be put in an escrow account at Fresno Escrow, and their investment would be secured by the farm machinery assets and/or other assets owned by AG. Saddleback and Barkhordar received a 14 percent to -18 percent commission from the investors' funds.

10. In connection with the offer and sale of these securities, the above-described promissory notes, Respondents misrepresented and/or failed to disclose to investors material facts, including the following:

a. That Barkhordar had his investment adviser license revoked by the Commissioner in April 2012;

b. That the investments would be safe because they were secured by liens against 23 AG's assets, such as farm equipment, when, in fact, the investments were not fully secured; and,

24 c. That Saddleback and Barkhordar were receiving a 14 percent to -18 percent 25 commissions out of their investment funds.

26 11. The promissory notes were offered in this state in issuer transactions. The 27 Department of Business Oversight has not issued a permit or other form of qualification authorizing 28 any person to offer or sell these securities in this state.

DESIST AND REFRAIN ORDER

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Based upon the foregoing findings, the Commissioner of Business Oversight is of the opinion that the securities in the form of promissory notes offered by AG-Wise, Inc., Eric Mireles, 2 3 Saddleback Resolution Group, LLC, and Ali Barkhordar are securities subject to qualification under 4 the CSL and are being or have been sold without first being qualified. Pursuant to Corporations Code 5 section 25532, AG-Wise, Inc., Eric Mireles, Saddleback Resolution Group, LLC, and Ali Barkhordar are hereby ordered to desist and refrain from offering or selling any security in the State of 6 7 California, including but not limited to promissory notes unless and until qualification has been made 8 under this law or unless exempt.

Furthermore, the Commissioner of Business Oversight is of the opinion that the securities that AG-Wise, Inc., Eric Mireles, Saddleback Resolution Group, LLC, and Ali Barkhordar offered or sold in this state were by means of written or oral communications which included an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in violation of section 25401 of the CSL.

Pursuant to section 25532 of the CSL, AG-Wise, Inc., Eric Mireles, Saddleback Resolution Group, LLC, and Ali Barkhordar made, or caused to be made, misrepresentations or omissions of material fact in connection with the offers or sales of securities and are hereby ordered to desist and refrain from offering or selling any security in the State of California by means of any written or oral communication which includes an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

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

Dated: October 9, 2017

Sacramento, California

JAN LYNN OWEN **Commissioner of Business Oversight** 

By\_

MARY ANN SMITH **Deputy Commissioner Enforcement Division** 

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