

1 STATE OF CALIFORNIA
2 BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
3 DEPARTMENT OF BUSINESS OVERSIGHT

4 TO: Edward Adam, also known as Edward F. Adam, Edward Etuati Adam, and Ed Adam
5 Ed Adam Investments, L.L.C.
6 Ed Adam Investments and Stock Trades

7 3214 Palos Verdes Ct. #301
8 San Mateo, California 94403

9 12664 Chapman Avenue, Unit 1002
10 Garden Grove, California 92840

11 P.O. Box 25390
12 San Mateo, California 94402

13 **DESIST AND REFRAIN ORDER**
14 **(For violations of sections 25110 and 25401 of the Corporations Code)**

15 The Commissioner of Business Oversight (Commissioner) finds that:

16 1. At all relevant times, Edward Adam, also known as Edward F. Adam, Edward Etuati
17 Adam, and Ed Adam (collectively, Adam) is an individual doing business as an insurance agent at
18 3214 Palos Verdes Ct. #301, San Mateo, California 94403 and P.O. Box 25390, San Mateo,
19 California 94402. Adam conducts business by personal contact and by telephone number (650) 245-
20 8382.

21 2. Adam was licensed by the Department of Insurance as a Life Only Insurance Agent
22 and as an Accident and Health Insurance Agent from 1984 to at least October 2016. Adam also does
23 business as Ed Adam Investments, L.L.C., a suspended California limited liability company located
24 at 3214 Palos Verdes Ct. #301, San Mateo, California 94403, and as Ed Adam Investments and Stock
25 Trades (collectively, Adam Investments).

26 3. On September 4, 2009, the Department of Insurance issued an Accusation to suspend
27 or revoke Adam’s insurance licenses pursuant to Insurance Code sections 1668 and 1738, for
28 violations of Insurance Code sections 785, subdivisions (a) and (b), 1668, subdivision (e), 1738, and
1668.1, subdivision (a) (hereafter, “Accusation”). As set forth in the Accusation, in July 2007, after
gaining the trust of an elderly, frail and widowed insurance client, Adam took \$50,000.00 from this

1 insurance client. Adam promised to return the money with interest by July 2008. Adam asserted that
2 he would use the money as a down payment for a condominium. Adam never repaid \$39,860.94 of
3 the \$50,000.00 owed to this elderly insurance client.

4 4. On December 18, 2009, Adam executed a Stipulation and Waiver with the Department
5 of Insurance (Stipulation) regarding the Accusation. In the Stipulation, Adam acknowledged receipt
6 of the Accusation, and admitted that the allegations in the Accusation were true and correct. On
7 January 8, 2010, the Department of Insurance issued an Order of Revocation of Unrestricted Licenses
8 and Issuance of Restricted Licenses (Order) to Adam. The Department of Insurance restricted the
9 Life Only Insurance Agent and Accident and Health Insurance Agent licenses and license rights of
10 Adam pursuant to the Order, based upon the Stipulation. On October 3, 2016, the Department of
11 Insurance issued an Order Removing Restriction and For Issuance of An Unrestricted License,
12 thereby entitling Adam to Life Only Insurance Agent and Accident and Health Insurance Agent
13 licenses without restriction.

14 5. Beginning in at least September 2015 to February 2016, Adam and Adam Investments
15 offered and sold investment agreements to investor G.M., domiciled in San Mateo County, after
16 learning that the elderly G.M. sold his home to pay for his and his wife's entry into a senior living
17 facility. The terms of the investment were as follows: G.M. paid Adam and Adam Investments a
18 capital investment amount of \$190,000.00 in exchange for a profit on the capital investment. G.M.
19 was to receive in return of 12 percent per year in interest as profit, paid out monthly at \$1,950.00,
20 beginning 35 days from the date G.M. paid the capital investment amount to Adam and Adam
21 Investments. The investment term was a minimum of 12 months with the option of forfeiting interest
22 to withdraw the capital investment principal from the investment prior to 12 months.

23 6. Between March 2016 and August 2016, G.M. requested that Adam return \$60,000.00
24 to G.M. so that G.M. could pay federal and/or state taxes. Adam did return \$60,000.00 to G.M.,
25 thereby leaving a balance of \$130,000.00 as the capital investment G.M. made in and with Adam and
26 Adam Investments. To date, G.M. has not received the capital investment principal remaining amount
27 of \$130,000.00 or profits from the investment, despite repeatedly requesting the amount to be
28 returned.

1 7. Beginning in 2015, Adam and Adam Investments offered and sold the above described
2 securities in California in issuer transactions. The Commissioner has not issued a permit or other
3 form of qualification authorizing any person to offer and/or sell these securities in the form of
4 investment agreements in California. Adam and Adam Investments are not exempt from the
5 qualification requirements set forth in the Corporate Securities Law of 1968 (Corp. Code, § 25000 et
6 seq.) (CSL).

7 8. Beginning in 2015, in connection with the offer and sale of these securities, Adam and
8 Adam Investments made, or caused to be made, misrepresentations of material fact or omitted to state
9 material facts necessary in order to make the statements made, in the light of the circumstances under
10 which they were made, not misleading. Specifically, Adam and Adam Investments misrepresented to
11 G.M. that G.M. would receive a profitable return on G.M.'s investment, and receive the principal
12 amount invested at the termination of the investment. Adam and Adam Investments also represented
13 that the investment was "backed by the stock market" and "the investment was 100% guaranteed."
14 Adam and Adam Investments finally represented that "[t]he proven method of holding and trading
15 Blue Chip stocks is 100% safe and protected investments strategies of Ed Adam Investments, a
16 California LLC Company" [sic]. To date, G.M. has not received the capital investment principal
17 remaining amount of \$130,000.00 or profits from the investment, despite repeatedly requesting the
18 amount to be returned.

19 9. In addition, Adam and Adam Investments, in connection with the offer and sale of the
20 security offered, omitted to state material facts necessary as follows: Respondents failed to disclose to
21 G.M. the existence of the Accusation, Stipulation, and Order.

22 Based on the foregoing findings, the Commissioner of Business Oversight finds that the
23 investment agreements offered and sold by Edward Adam, also known as Edward F. Adam, Edward
24 Etuati Adam, and Ed Adam doing business as Ed Adam Investments, L.L.C. and as Ed Adam
25 Investments and Stock Trades are securities subject to qualification under the CSL. These investment
26 agreements were offered and sold without being qualified or exempt, in violation of Corporations
27 Code section 25110.
28

1 Pursuant to Corporations Code section 25532, Edward Adam, also known as Edward F.
2 Adam, Edward Etuati Adam, and Ed Adam doing business as Ed Adam Investments, L.L.C. and as
3 Ed Adam Investments and Stock Trades are hereby ordered to desist and refrain from the further
4 offer or sale in California of securities, including, but not limited to investment agreements, unless
5 and until qualification has been made under said law or unless exempt.

6 Further, the Commissioner of Business Oversight is of the opinion that the securities in the
7 form of investment agreements were offered and sold in California by means of a written or oral
8 communication which included an untrue statement of material fact or omitted to state a material fact
9 necessary to make the statement made, in light of the circumstances under which they were made, not
10 misleading, in violation of section 25401 of the CSL.

11 Pursuant to section 25532 of the CSL, Edward Adam, also known as Edward F. Adam,
12 Edward Etuati Adam, and Ed Adam doing business as Ed Adam Investments, L.L.C. and Ed Adam
13 Investments and Stock Trades are hereby ordered to desist and refrain from offering or selling or
14 buying or offering to buy any security in California, including but not limited to investment
15 agreements, by means of any written or oral communication which includes an untrue statement of
16 material fact or omits to state a material fact necessary in order to make the statements made, in light
17 of circumstances under which they were made, not misleading.

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

20 Dated: May 4, 2017

21 JAN LYNN OWEN
22 Commissioner of Business Oversight

23
24
25 By _____
26 MARY ANN SMITH
27 Deputy Commissioner
28 Enforcement Division