

STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF BUSINESS OVERSIGHT

TO: Coast Capital Management, LLC
Paul Lee Moore
13754 Mango Dr., Unit 313
Del Mar, California 92014

24701 La Plaza, Suite 204
Dana Point, California 92629

5000 Birch Street, Ste.3000
Newport Beach, California 92660

DESIST AND REFRAIN ORDER

(For violations of sections 25110, 25230 and 25401 of the Corporations Code)

The Commissioner of Business Oversight (Commissioner) finds that:

1. At all relevant times herein, Coast Capital Management, LLC (“Coast Capital”) is, or was, a California limited liability company with its principal place of business located at 13754 Mango Dr., Unit 313, Del Mar, California 92014. Coast Capital claims it is a hedge fund formed on May 20, 2008 “as a private investment vehicle for a limited number of long-term investors.”

2. At all relevant times, Paul Lee Moore (“Moore”) is, or was, the owner, founder and Managing Director of Coast Capital. Moore has conducted business out of various business locations including, 13754 Mango Dr., Unit 313, Del Mar, California 92014; 24701 La Plaza, Suite 204 Dana Point, California 92629; and 5000 Birch Street, Ste.3000, Newport Beach, California 92660.

3. At all relevant times, Coast Capital maintained a now defunct website at <http://www.coastcptl.com>, which listed an address of 24701 La Plaza, Suite 204, Dana Point, California 92629.

4. Coast Capital’s website described Coast Capital as an investment adviser firm whose “... fundamental investment principle is to produce sustainable superior risk-adjusted returns through the optimization of the sources of alpha... This strategy provides our partners with a more efficient portfolio and attractive capital appreciation.”

5. Moore represented on his website that he graduated from University of Minnesota with a B.A. in Quantitative Economics and was a Senior Analyst within Piper Jaffray — an

1 international investment bank and asset management firm headquartered in Minneapolis, Minnesota.

2 6. Beginning in or about October, 2010, Moore and Coast Capital offered and sold
3 unqualified, non-exempt securities in the form of membership interests or investment contracts in
4 Coast Capital to several investors raising at least \$250,000.00.

5 7. Moore and Coast Capital gave investors a Subscription Agreement and an Offering
6 Memorandum dated October 14, 2010 (“Memorandum”). The Memorandum stated that Coast
7 Capital will engage “... primarily in the purchase and sale of long positions in publicly-traded
8 securities, and during extreme market environments, may hedge the portfolio using options, futures,
9 other derivative securities and short sales of stocks.” The Memorandum further described Moore as
10 Coast Capital’s investment manager who will provide “discretionary investment advisory and
11 portfolio management services to the Company pursuant to the terms of an Investment Management
12 Agreement by and between the Investment Management Company and the Company....”

13 8. Moore and Coast Capital told investors that their funds would be invested in various
14 stocks, commodities, options, and EFTs and would yield approximately 30-40% yearly returns.

15 9. These securities in the form of membership interests or investment contracts in Coast
16 Capital were offered or sold in this state in issuer transactions. The Department of Business Oversight
17 has not issued a permit or other form of qualification authorizing any person to offer or sell the
18 securities referred to herein in this state, nor is Coast Capital exempt from the qualification
19 requirement.

20 10. Beginning in or about October 2010, Moore and Coast Capital, for compensation,
21 engaged in business as investment advisers by advising investors as to the value of securities or as to
22 the advisability of investing in, purchasing or selling securities. Moore and Coast Capital advised
23 investors to invest in a “IRA account” and a “Taxable account” Moore and Coast Capital claimed
24 they managed. Further, Moore and Coast Capital promised to use investors’ funds to trade or invest
25 in various securities.

26 11. More and Coast Capital informed investors that the “IRA account” and “Taxable
27 account” would each yield a 30% rate of return, although, he and Coast Capital were targeting better
28 returns on the “Taxable account.” Moore and Coast Capital stated that their goal was to maintain a
lower risk portfolio for the “IRA account.” After investors invested in Coast Capital, Moore held
several telephone conversations with investors during which he gave his assessment on the risks and

1 rewards of their investments; profit expectations; how investors should invest and/or redeem the
2 returns on their investments. In addition, Moore sent email alerts to investors notifying them when a
3 trade occurred or closed. Moore and Coast Capital also sent investors periodic account statements
4 purportedly showing the value of investors' stocks; the trades and profitability of the trades over
5 time; and the net worth of their portfolios. However, these account statements were false.

6 12. At all relevant times, Moore and Coast Capital did not have a valid investment adviser
7 certificate issued by the Department of Business Oversight or the U.S. Securities and Exchange
8 Commission.

9 13. In connection with the offer and sales of securities, Moore held himself out as an
10 investment expert, claiming he was qualified to give investment advice because of his academic
11 qualifications and prior experience with Piper Jaffray.

12 14. In connection with the offer and sale of securities, Moore and Coast Capital made, or
13 caused to be made, misrepresentations of material facts or omitted to state material facts necessary in
14 order to make the statements made, in the light of the circumstances under which they were made, not
15 misleading. These misrepresentations and omissions included, but are not limited to the following:

16 a) Moore and Coast Capital represented, or held themselves out to investors as
17 licensed or qualified investment advisers;

18 b) Moore falsely told investors that he earned a B.A. degree in Quantitative
19 Economics from the University of Minnesota;

20 c) Moore falsely told investors that he was formerly Senior Analyst at Piper
21 Jaffray;

22 d) Moore falsely told investors that he and/or Coast Capital managed between
23 \$5million and \$17million on behalf of investors which exceeded the amount they actually managed;

24 e) Moore and Coast Capital falsely told investors that their money would be
25 invested in Coast Capital's hedge funds and/or used to purchase stocks on behalf of investors when in
26 fact, Moore used investor funds for his personal expenses;

27 f) Moore and Coast Capital falsely represented they were generating huge profits
28 and thereafter, distributed false account statements and/or reports that purportedly reflected such
profits.

1 Based upon the foregoing, the California Commissioner of Business Oversight is of the
2 opinion that Moore and Coast Capital engaged in the offer and sale of securities in the form of
3 membership interests or investment contracts in Coast Capital. These securities have not been
4 qualified under the California Corporate Securities Law of 1968, in violation of section 25110 of the
5 Corporations Code.

6 Further, the Commissioner is of the opinion that Moore and Coast Capital have conducted
7 business as an investment adviser in this state without first applying for and securing from the
8 commissioner a certificate, then in effect, authorizing them to do so, in violation of section 25230 of
9 the CSL.

10 Finally, the Commissioner is of the opinion that the securities in the form of membership
11 interests or investment contracts in Coast Capital offered by Moore and Coast Capital were offered
12 and sold in this state by means of written or oral communications, which included untrue statements
13 of material fact or omitted to state material facts necessary in order to make the statements made, in
14 the light of the circumstances under which they were made, not misleading, in violation of section
15 25401 of the CSL.

16 Pursuant to section 25532 of the California Corporate Securities Law of 1968, Paul Lee
17 Moore and Coast Capital Management, LLC are hereby ordered to:

- 18 a) Desist and refrain from the further offer or sale of securities in the State of California,
19 unless and until qualification has been made under the law or unless exempt;
- 20 b) Desist and refrain from acting as an investment adviser in the State of California
21 unless and until they have first applied for and secured from the Commissioner a certificate, then in
22 effect, authorizing them to act as an investment adviser.

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1 c) Desist and refrain from offering or selling or buying or offering to buy any security in
2 the State of California, including but not limited to, membership interests in Coast Capital or
3 investment contracts, by means of any written or oral communication which includes an untrue
4 statement of a material fact or omits to state a material fact necessary in order to make the statements
5 made, in the light of the circumstances under which they were made, not misleading.

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

8 Dated: May 18, 2016
9 Los Angeles, California

JAN LYNN OWEN
Commissioner of Business Oversight

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By: _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division