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REC'D
APR 13 2011
FILING WINDOW

8
9 SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

10 THE PEOPLE OF THE STATE OF
11 CALIFORNIA, by and through the
12 CALIFORNIA CORPORATIONS
COMMISSIONER,

13 Plaintiff,

14 vs.

15 CANAM CAPITAL CORP. a Nevada
corporation; PREMIER EQUITY FUND, LLC,
16 a Nevada limited liability company; PREMIER
EQUITY FUND II, LLC, a Nevada limited
17 liability company; PREMIER EQUITY FUND
III, LLC, a Nevada limited liability company;
18 PREMIER EQUITY FUND IV, LLC, a Nevada
limited liability company; JAY JORDAN
19 BARNHARDT, as an individual; KELLY
KEITH MORGAN, as an individual; AARON
20 KANE BARNHARDT, as an individual, and
21 Does 1 through 10, inclusive,

22 Defendants.

23 And

24 POWER RESEARCH CORP., a California
corporation; SANTA RITA PARTNERS, INC.,
25 a California corporation; STEVE BOWLING
HERATY, as an individual, and Relief Does 1-
26 10, inclusive,

27 Relief Defendants.
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Case No.: BC453286

Action Filed: January 20, 2011

Assigned to Department 45

**(PROPOSED)FINAL JUDGMENT
AGAINST RELIEF DEFENDANTS STEVE
BOWLING HERATY AND SANTA RITA
PARTNERS, INC.**

Date: June 21, 2011

Time: 8:30 a.m.

Dept: 45

1 A. On January 20, 2011 the Plaintiff, the People of the State of California, by and
2 through, Preston DuFauchard, California Corporations Commissioner (herein after referred to as
3 “Plaintiff” or “Commissioner”) acting to protect the public, filed a civil action (hereinafter
4 referred to as “Complaint”) and was granted by the Court a temporary restraining order, asset
5 freeze and appointment of a receiver to take control of Defendants’ CanAm Capital Corp.
6 (“CanAm”), Premier Equity Fund, LLC, Premier Equity Fund II, LLC, Premier Equity Fund III,
7 LLC, and Premier Equity Fund IV, LLC¹², Jay Jordan Barnhardt (“J. Barnhardt”), Aaron Kane
8 Barnhardt (“A. Barnhardt”), Kelly Keith Morgan (“Morgan”) (herein after collectively referred to
9 as “Defendants”) assets for the benefit of investors. Power Research Corporation, Santa Rita
10 Partners, Inc. and Steve Bowling Heraty were named as Relief Defendants.

11 B. The Commissioner alleges in his Complaint that from February 2004 through
12 December 2009, Defendants fraudulently raised approximately \$15,000,000 from at least 337
13 investors, from securities transactions in which Defendants conducted general solicitations in
14 violation of the Corporate Securities Law of 1968 (Corporations Code Section 25000 *et seq.*)
15 (“CSL”). Despite the Commissioner issuing a desist and refrain order on February 11, 2009
16 (“2009 Order”) against Defendants CanAm, J. Barnhardt, and Morgan for offering and selling
17 unqualified non-exempt securities in violation of the CSL, Defendants continued this conduct and
18 failed to tell investors about the 2009 Order, violating CSL section 25401 and the 2009 Order.
19 Additionally, Defendants used over a million dollars of investor funds in contradiction to the
20 stated purposes in the offering materials, including personal expenses.

21 C. The Commissioner further alleges in his Complaint that Defendants used investor
22 funds to purchase the licensed broker-dealer business – Santa Rita Partners, Inc. where they
23 continued their fraudulent activities. In November 2009, A. Barnhardt was employed as a
24 registered representative with Santa Rita, and A. Barnhardt’s company Power Research
25 Corporation, Inc. became a shareholder in Santa Rita.

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27 ¹ On February 10, 2011 the Commissioner filed an Amendment to Complaint to add Premier Equity Fund V, LLC
28 as a Doe defendant.

1 D. The Commissioner further alleges in his Complaint that Relief Defendants, Santa
2 Rita and Heraty (hereinafter collectively referred to as “Relief Defendants”) received ill gotten
3 gains from the fraudulent activities of the Defendants.

4 E. On March 7, 2011, the Court granted the Preliminary Injunction, and confirmed the
5 asset freeze and appointment of the Receiver, Peter A. Davidson (hereinafter referred to as
6 “Receiver”) as to all Defendants.

7 F. RELIEF DEFENDANTS stipulated to jurisdiction of this Court over them and over
8 the subject matter of this action.

9 G. RELIEF DEFENDANTS stipulated to receiving service of the Summons and
10 Complaint filed in this matter.

11 H. RELIEF DEFENDANTS read the Complaint, the Stipulation to Entry of Judgment
12 Between Plaintiff and Relief Defendants, Steve Bowling Heraty, as an individual and Santa Rita
13 Partners, Inc. (referenced hereinafter as “Stipulation”), this proposed Final Judgment Against
14 Relief Defendants (hereinafter “Final Judgment”) and RELIEF DEFENDANTS stipulate to entry
15 of judgment on the terms and conditions contained in the Stipulation and reflected in the Final
16 Judgment.

17 I. RELIEF DEFENDANTS waived any claims known and unknown to them against
18 the State of California, its agents, officers, or employees based on the facts underlying the present
19 action. RELIEF DEFENDANTS specifically waived any rights provided by California Civil Code
20 section 1542, which provides: “A general release does not extend to claims which the Creditor
21 does not know or suspect to exist in his favor at the time of executing the release.”

22 J. RELIEF DEFENDANTS stipulated and agreed that they entered into the
23 Stipulation voluntarily and without coercion, and acknowledged that no promises, threats or
24 assurances have been made by Plaintiff or any officer, or agent thereof to induce them to enter into
25 the Stipulation.

26 **PURSUANT TO THE STIPULATION OF THE PARTIES AND GOOD CAUSE**
27 **APPEARING THEREFOR, IT IS HEREBY ADJUDGED, ORDERED AND**
28 **DECREED THAT JUDGMENT BE ENTERED AS FOLLOWS:**

1. The following facts are deemed and stipulated to be true:

1 a. Relief Defendant Santa Rita is a California corporation, incorporated
2 in February 2008, maintaining a last known business address at 2842 Farragut Road, Unit #132
3 San Diego, CA 92106. At all relevant times, Santa Rita was a licensed broker-dealer in California.

4 b. Relief Defendant Steve Bowling Heraty (“Heraty”) is an individual
5 whose last known residence is 2842 Farragut Road, Unit 132, San Diego, California 92106. At all
6 relevant times, Heraty was President of Santa Rita Partners.

7 c. Relief Defendants Steve Heraty and Santa Rita received from
8 Defendants, specific funds which are proceeds traceable to the unlawful activities of the Defendants
9 as set forth herein.

10 2. A Judgment will be entered in the amount of \$33,846.35. The Receiver, Peter A.
11 Davidson (hereinafter referred to as “Receiver”) has custody of \$33,846.35 in the name of Santa
12 Rita Partners, Inc. RELIEF DEFENDANTS are authorized to release the \$33,846.35, waive any
13 claims thereto and agree to relinquish all custody and control over the \$33,846.35 to the Receiver.

14 3. The Court shall retain jurisdiction of this action in order to implement and enforce
15 the terms of this Stipulation and entry of the Final Judgment pursuant thereto, and to entertain any
16 suitable application or motion for additional relief or modification or any order made herein within
17 the jurisdiction of the Court.

18 4. If RELIEF DEFENDANTS fail to satisfy the judgment in any way, the total amount
19 of judgment shall become immediately due and payable and the People may seek to enforce this
20 judgment without any notice to RELIEF DEFENDANTS.

21 IT IS SO ORDERED.

22
23 Dated: _____

24 JUDGE OF THE SUPERIOR COURT

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