

1 PRESTON DuFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Deputy Commissioner
3 MARY ANN SMITH (SBN 230943)
Senior Corporations Counsel
4 JENNIFER A. GRANAT (SBN 199868)
Senior Corporations Counsel
5 CALIFORNIA DEPARTMENT OF CORPORATIONS
1515 K Street, Suite 200
6 Sacramento, California 95814
Tel: (916) 322-6067
7 Fax: (916) 445-6985
Attorneys for the People of the State of California

ORIGINAL FILED

MAR 25 2011

LOS ANGELES
SUPERIOR COURT

BY FAX

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
CALIFORNIA CORPORATIONS
12 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.
28

Case No.: BC453286

Action Filed: January 20, 2011

Assigned to Department 45

**STIPULATION TO ENTRY OF FINAL
JUDGMENT BETWEEN PLAINTIFF AND
RELIEF DEFENDANTS STEVE
BOWLING HERATY AND SANTA RITA
PARTNERS, INC.**

Date: June 21, 2011

Time: 8:30 a.m.

Dept: 45

RECITALS

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

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

10
11 C. On January 20, 2011 the California Corporations Commissioner (“Commissioner”) acting
12 to protect the public, filed a civil action (herein after referred to as “Complaint”) and was granted
13 by the Court a temporary restraining order, asset freeze and appointment of a receiver to take
14 control of Defendants’ CanAm Capital Corp. (“CanAm”), Premier Equity Fund, LLC, Premier
15 Equity Fund II, LLC, Premier Equity Fund III, LLC, and Premier Equity Fund IV, LLC¹, Jay
16 Jordan Barnhardt (“J. Barnhardt”), Aaron Kane Barnhardt (“A. Barnhardt”), Kelly Keith Morgan
17 (“Morgan”) (herein after collectively referred to as “Defendants”) assets for the benefit of
18 investors. Power Research Corporation, Santa Rita Partners, Inc. and Steve Bowling Heraty were
19 named as Relief Defendants.

20
21 D. The Commissioner alleges in his Complaint that from February 2004 through December
22 2009, Defendants fraudulently raised approximately \$15,000,000 from at least 337 investors, from
23 securities transactions in which Defendants conducted general solicitations in violation of the
24 Corporate Securities Law of 1968 (Corporations Code Section 25000 *et seq.*) (“CSL”). Despite the
25 Commissioner issuing a desist and refrain order on February 11, 2009 (“2009 Order”) against
26 Defendants CanAm, J. Barnhardt, and Morgan for offering and selling unqualified non-exempt
27

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

1 securities in violation of the CSL, Defendants continued this conduct and failed to tell investors
2 about the 2009 Order, violating CSL section 25401 and the 2009 Order. Additionally, Defendants
3 used over a million dollars of investor funds in contradiction to the stated purposes in the offering
4 materials, including personal expenses.

5
6 E. The Commissioner further alleges in his Complaint that Defendants used investor funds to
7 purchase the licensed broker-dealer business – Santa Rita Partners, Inc. where they continued their
8 fraudulent activities. In November 2009, A. Barnhardt was employed as a registered representative
9 with Santa Rita, and A. Barnhardt’s company Power Research Corporation, Inc. became a
10 shareholder in Santa Rita.

11
12 F. The Commissioner further alleges in his Complaint that Relief Defendants, Santa Rita and
13 Heraty received ill gotten gains from the fraudulent activities of the Defendants.

14
15 G. On March 7, 2011, the Court granted the Preliminary Injunction, and confirmed the asset
16 freeze and appointment of the Receiver, Peter A. Davidson (hereinafter referred to as “Receiver”)
17 as to all Defendants.

18
19 **TERMS AND CONDITIONS**

20 **IT IS HEREBY STIPULATED between the CALIFORNIA CORPORATIONS**
21 **COMMISSIONER (“Commissioner” or “Plaintiff”) for the Plaintiff and Relief**
22 **Defendants STEVE BOWLING HERATY and SANTA RITA PARTNERS, INC.**
(collectively referred to as “Relief Defendants”), as follows:

23 1. RELIEF DEFENDANTS admit jurisdiction of this Court over them and over the
24 subject matter of this action. Relief Defendants enter general appearances in this action. Relief
25 Defendants acknowledge that entry of general appearances is equivalent to personal service of the
26 summons on them pursuant to California Code of Civil Procedure section 410.50.

27
28 2. RELIEF DEFENDANTS admit that they received service of the Summons and
Complaint filed in this matter.

1 3. RELIEF DEFENDANTS read the Complaint, this Stipulation to Entry of Final
2 Judgment Between Plaintiff and Relief Defendants Steve Bowling Heraty and Santa Rita
3 Partners, Inc. (referenced hereinafter as “Stipulation”) and the proposed “Final Judgment Against
4 Steve Bowling Heraty and Santa Rita Partners, Inc.” (hereinafter “Final Judgment”) in the form
5 attached hereto as Exhibit 1.

6
7 4. RELIEF DEFENDANTS stipulate to the allegations in the Complaint, as it relates
8 to them, and without notice of further proceedings, voluntarily consent to the entry by the Court of
9 the Final Judgment, and waive any defense to the action.

10
11 5. RELIEF DEFENDANTS hereby waive any claims known and unknown to them
12 against the State of California, its agents, officers, or employees based on the facts underlying the
13 present action. RELIEF DEFENDANTS specifically waive any rights provided by California
14 Civil Code section 1542, which provides: “A general release does not extend to claims which the
15 Creditor does not know or suspect to exist in his favor at the time of executing the release, which
16 if known by him must have materially affected his settlement with the Debtor.”

17
18 6. RELIEF DEFENDANTS stipulate to the truth of the following facts:

19 a. Relief Defendant Santa Rita is a California corporation, incorporated
20 in February 2008, maintaining a last known business address at 2842 Farragut Road, Unit #132
21 San Diego, CA 92106. At all relevant times, Santa Rita was a licensed broker-dealer in California.
22 Santa Rita received ill-gotten gains from investors of any or all of the Defendants.

23 b. Relief Defendant Steve Bowling Heraty (“Heraty”) is an individual
24 whose last known residence is 2842 Farragut Road, Unit 132, San Diego, California 92106. At all
25 relevant times, Heraty was President of Santa Rita Partners. Heraty received ill-gotten gains from
26 investors of any or all of the Defendants.

27 c. RELIEF DEFENDANTS Steve Heraty and Santa Rita received from
28 Defendants, specific funds which are proceeds traceable to the unlawful activities of the Defendants
as set forth herein.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

7. RELIEF DEFENDANTS stipulate to entry of a Final Judgment in the amount of \$33,846.35. The court appointed Receiver, Peter A. Davidson (hereinafter referred to as “Receiver”) has custody of \$33,846.35 that was turned over from First Commerce Bank in the name of Santa Rita Partners, Inc.

8. RELIEF DEFENDANTS stipulate that they are authorized to release the \$33,846.35, and waive any claims thereto and agree to relinquish all custody and control over the \$33,846.35 to the Receiver.

9. RELIEF DEFENDANTS stipulate that after the Commissioner receives confirmation from the Receiver that the Receiver has control and custody of the \$33,846.35, the Commissioner will withdraw the Order Imposing Conditions On The Surrender of Broker-Dealer Certificate Pursuant to Corporations Code Section 25242 with regard to Santa Rita. Santa Rita will be permitted to voluntarily surrender its Broker-Dealer certificate.

10. The parties stipulate and agree that this Court shall retain jurisdiction of this action in order to implement and enforce the terms of this Stipulation and entry of the Final Judgment pursuant thereto, and to entertain any suitable application or motion for additional relief or modification or any order made herein within the jurisdiction of the Court.

11. The parties hereby acknowledge and agree that this Stipulation constitutes the entire Stipulation between the parties with respect thereto. This Stipulation supersedes any and all prior or contemporaneous agreements between the parties hereto.

12. Notwithstanding any other provision contained herein, nothing in this Stipulation shall operate to limit the Commissioner’s ability to investigate and prosecute violations of the CSL not addressed herein, or to assist any other agency (county, state or federal) with any prosecution, administrative, civil or criminal, brought by such agency against Relief Defendants concerning

1 violations alleged herein or otherwise. RELIEF DEFENDANTS further agree and acknowledge
2 that nothing in this Stipulation or in the Final Judgment in this matter shall bind or otherwise
3 prevent any other federal, state or county agency from the performance of its duties.

4
5 13. Each party hereto represents and warrants that it has received independent advice
6 from its attorney(s) and/or other representatives prior to entering into this Stipulation, and in
7 executing this Stipulation relied solely on the statements set forth herein and the advice of its own
8 counsel and/or representative.

9
10 14. In that the parties have had the opportunity to draft, review and edit the language of
11 this Stipulation, no presumption for or against any party arising out of drafting all or any part of
12 this Stipulation will be applied in any action relating to or arising out of this Stipulation.
13 Accordingly, the parties hereby waive the benefit of California Civil Code section 1654 and any
14 successor statute.

15
16 15. The waiver of any provision of this Stipulation shall not operate to waive any other
17 provision set forth herein, and any waiver, amendment and/or change to the terms of this
18 Stipulation must be in writing signed by the parties hereto.

19
20 16. Each signatory hereto represents and warrants that he/she possesses the necessary
21 capacity and authority to execute this Stipulation and bind the parties hereto.

22
23 17. If any paragraph, clause, or provision of this Stipulation or of the Final Judgment
24 entered thereto, or the application thereof, is held invalid or unenforceable, such decision shall
25 affect only the paragraph, clause or provisions so construed or interpreted, and the invalidity shall
26 not affect the provisions of the application of this Stipulation, or of the Final Judgment entered
27 thereto, which can be given effect without the invalid provisions or application, and to this end,
28 the provisions of the Stipulation, and of the Final Judgment entered thereto, are declared by
Plaintiff and by RELIEF DEFENDANTS to be severable.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

18. This Stipulation may be executed in one or more separate counterparts, each of which when so executed, shall be deemed an original. Such counterparts shall together constitute and be one and the same instrument. A fax signature shall be deemed the same as an original.

19. RELIEF DEFENDANTS stipulate and agree to entry of the Final Judgment against them. RELIEF DEFENDANTS enter into this stipulation voluntarily and without coercion, and acknowledge that no promises, threats or assurances have been made by Plaintiff or any agents, officers, or employees thereof to induce them to enter into this stipulation.

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

SANTA RITA PARTNERS, INC.

Dated: 3-23-2011

STEVE HERATY, President

Dated: 3-23-2011

STEVE HERATY, as an individual

PLAINTIFF, THE PEOPLE OF THE STATE OF CALIFORNIA by and through the Corporations Commissioner, PRESTON DUFAUCHARD

Dated: 3/24/11

ALAN S. WEINGER
Deputy Commissioner