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9  
10 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT  
11 OF THE STATE OF CALIFORNIA

12 In the Matter of: )  
13 THE COMMISSIONER OF BUSINESS ) FINAL ORDER LEVYING  
OVERSIGHT, ) ADMINISTRATIVE PENALTIES PURSUANT  
14 ) TO CORPORATIONS CODE SECTION 25252  
Complainant, )  
15 vs. )  
16 D. Stephens Management and Consulting L.L.C., )  
17 Derrick Stephens, and Olena Korneevets, also )  
18 known as Lola Korneevets, )  
19 Respondents. )  
20

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

23 I.  
24 STATEMENT OF FACTS

25 1. At all relevant times, D. Stephens Management and Consulting, L.L.C. (Management)  
26 is an Arkansas limited liability company with a primary place of business located at 6601 Center  
27 Drive West, Suite 500, Los Angeles, California, 90045 and at 1805 Thayer Street, Little Rock,  
28 Arkansas, 72202. Management transacts business by email at dstephens10@live.com, by telephone  
at (310) 756-9720, and by facsimile at (770) 489-4916.

1           2.       On September 11, 2008, the Department of Business Oversight (“Department”) issued  
2 a Desist and Refrain Order against Management for violations of Corporations Code<sup>1</sup> sections 25110,  
3 25401, 25210, 29535, and 29536 (“2008 Order”).

4           3.       At all relevant times, Derrick Stephens (“Stephens”) is the managing member of and a  
5 representative for Management. Stephen transacts business at 6601 Center Drive West, Suite 500,  
6 Los Angeles, California, 90045. Stephens also transacts business by email at dstephens10@live.com,  
7 by telephone at (310) 756-9720, and by facsimile at (770) 489-4916.

8           4.       At all relevant times, Olena Korneevets, also known as Lola Korneevets  
9 (“Korneevets”) is an individual doing business as a representative and agent for service of process for  
10 Management. Korneevets transacts business at 127 Whitney Street, Unit 1, El Segundo, California,  
11 90245 or at 6601 Center Drive West, Suite 500, Los Angeles, California, 90045. Korneevets also  
12 transacts business by telephone at (310) 980-1940.

13           5.       Management, Stephens and Korneevets are herein collectively referred to as  
14 “Respondents.” Whenever reference is made herein to “Respondents” doing any act, the allegation  
15 shall mean the act of each respondent acting individually, jointly and severally.

16           6.       Beginning in February 2015, Respondents offered and sold investment agreements to  
17 investor V.L.V. domiciled in Rancho Cucamonga, Los Angeles County in violation of the 2008  
18 Order. The terms of the investment were as follows: V.L.V. paid to Respondents a capital  
19 investment amount of two hundred ninety thousand dollars (\$290,000.00) for the purpose of investing  
20 in Management and other related business enterprises in exchange for a profit on the capital  
21 investment. Management sometimes referred to this investment as a “stand by letter of credit” in or  
22 with Management. Investor V.L.V. was to receive in return from Respondents, the entire principal  
23 capital investment of two hundred ninety thousand dollars (\$290,000.00), and an additional sixty  
24 three thousand eight hundred dollars (\$63,800.00) as twenty-two percent (22%) interest profit on the  
25 capital investment. Respondents referred to this first phase of investment as the “first tranche.” The  
26 second phase or “second tranche” of the investment was to consist of V.L.V. reinvesting the three  
27 hundred fifty-three thousand eight hundred dollars (\$353,800.00) from the “first tranche” for an  
28 additional number of days. Investor V.L.V. was to receive a profit on the amount from the “second  
tranche” of one million eight hundred seventy-one thousand two hundred dollars (\$1,871,200.00). In

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<sup>1</sup> Unless otherwise indicated, all statutes refer to the Corporations Code.



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**II.**

**FINAL ORDER LEVYING ADMINISTRATIVE PENALTIES**

**(For violations of sections 25110 and 25401)**

12. Section 25252 authorizes the Commissioner to issue an order levying administrative penalties against any person for willful violations of any provision of the Corporations Code and any rules promulgated thereunder. Based on the foregoing findings of fact, Respondents willfully violated section 25110 by offering and/or selling securities that are not qualified by the Department or exempt. Respondents also willfully violated section 25401 by making untrue statements in association with the offer and sale of investment agreements in California.

13. On June 23, 2016, the Commissioner served Respondents with the Notice of Intention to Issue Order Levying Administrative Penalties Pursuant to Section 25252, Statement in Support, and accompanying documents.

14. Stephens timely submitted his written Notice of Defense requesting an administrative hearing on July 8, 2016. In October 2016, the matter was set for a one-day hearing to commence on April 6, 2017 before the Office of Administrative Hearings, Los Angeles. The Commissioner served Stephens with a written Notice of Hearing on October 11, 2016. On March 31, 2017, several days prior to the scheduled administrative hearing, Stephens withdrew his Notice of Defense and the matter was taken off calendar.

15. On September 16, 2016, Korneevets submitted her written request for an administrative hearing. She subsequently withdrew her hearing request on September 26, 2016.

16. Management did not submit a Notice of Defense.

**NOW, GOOD CAUSE APPEARING, IT IS HEREBY ORDERED THAT:**

Under section 25252, the Commissioner issues a final order levying administrative penalties against Respondents D. Stephens Management and Consulting, L.L.C., Derrick Stephens, and Olena Korneevets, also known as Lola Korneevets, jointly and severally as follows:

That pursuant to section 25252, the Commissioner levies administrative penalties of one thousand dollars (\$1,000.00) for the first violation of the Corporate Securities Law of 1968 and two thousand five hundred dollars (\$2,500.00) for each subsequent violation:

1 (a) First violation: \$1,000.00 for one (1) violation of Corporations Code section  
2 25110 as follows: Beginning in 2015, Respondents offered and sold the above described securities in  
3 California in issuer transactions. The Department of Business Oversight has not issued a permit or  
4 other form of qualification authorizing any person to offer and sell these securities in the form of  
5 investment agreements in California.

6 (b) Second violation: \$2,500.00 for one (1) violation of Corporations Code section  
7 25401 as follows: Respondents misrepresented to investor V.L.V. that V.L.V. would receive a  
8 profitable return on investor V.L.V.'s investment. To, date V.L.V. has not received a profitable  
9 return on V.L.V.'s investment from Respondents. Respondents also represented that "this investment  
10 had little or no risk only if the entire US financial system collapsed would the investment be at risk"  
11 [sic] for the investor. To date, investor V.L.V. has not received investor V.L.V.'s principal amount,  
12 despite repeatedly requesting the amount to be returned.

13 (c) Third violation: \$2,500.00 for one (1) violation of section 25401 as follows:  
14 Beginning in 2015, Respondents, in connection with the offer and sale of the security offered, failed  
15 to disclose to investor V.L.V. the existence of the 2008 Order in violation of the Corporate Securities  
16 Law of 1968.

17 The total amount of administrative penalties for Respondents' violations of sections 25110  
18 and 25401 is six thousand dollars (\$6,000.00). Administrative penalties shall be payable by cashier's  
19 check or Automated Clearing House to the Department of Business Oversight, Accounting, 1515 K  
20 Street, Suite 200, Sacramento, California 95814, within 30 calendar days from the date of this order.  
21 These administrative penalties are necessary in the public interest for the protection of consumers and  
22 are consistent with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

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This Final Order Levying Administrative Penalties is the final decision of the Commissioner pursuant to section 25252.

Dated: April 11, 2017  
Los Angeles, California

JAN LYNN OWEN  
Commissioner of Business Oversight

MARY ANN SMITH  
Deputy Commissioner  
Enforcement Division