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6 Attorneys for Complainant

7 BEFORE THE DEPARTMENT OF CORPORATIONS
8 OF THE STATE OF CALIFORNIA
9

10 In the Matter of the Accusation THE)
CALIFORNIA CORPORATIONS)
11 COMMISSIONER,)

12 Complainant,)

13 v.)

14 EASY EQUITY MANAGEMENT, L.P.,)

15 Respondent.)
16)
17)
18)

) FILE NO. 140197

) **ACCUSATION IN SUPPORT OF NOTICE**
) **OF INTENTION TO ISSUE ORDER**
) **REVOKING THE INVESTMENT ADVISER**
) **CERTIFICATE OF EASY EQUITY**
) **MANAGEMENT, L.P.**

) (Corp. Code, § 25232)
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20 Jan Lynn Owen, California Corporations Commissioner ("Commissioner") of the
21 Department of Corporations ("Department"), alleges and charges as follows:

22 **I. JURISDICTION AND VENUE**

23 1. This action is brought to revoke the investment adviser certificate of Easy Equity
24 Management, L.P., ("Easy Equity Management") pursuant to Corporations Code section 25232.

25 2. Corporations Code section 25600 authorizes the Commissioner to administer and
26 enforce the provisions of the Corporate Securities Law of 1968 (Corp. Code, § 25000 et seq.) and the
27 regulations promulgated thereunder (Cal. Code Regs., tit. 10, § 260.000 et seq.).

28 3. Easy Equity Management holds a valid and unrevoked investment adviser certificate

1 issued by the Commissioner on April 3, 2008, pursuant to Corporations Code section 25230. Easy
2 Equity Management is an investment adviser business that is or was at all times relevant herein,
3 located at 8447 Wilshire Boulevard, Suite 401, Beverly Hills, California 90211. Easy Equity
4 Management is a California limited partnership.

5 4. Easy Equity Management is owned and controlled by Alero Odell Mack, Jr.
6 (“Mack”).

7 **II. FIRST CAUSE FOR REVOCATION: VIOLATIONS OF CORPORATIONS**
8 **CODE SECTION 25232, SUBDIVISION (b)(2)(A).**

9 5. Paragraphs 1. through 4. are hereby realleged and incorporated herein by reference as
10 if set forth in their entirety.

11 6. Corporations Code section 25232, subdivision (b)(2)(A) provides that the
12 Commissioner may revoke the certificate of an investment adviser if held liable in a civil action by
13 final judgment of a court based upon conduct showing moral turpitude. Subdivision (b)(2)(A) of
14 section 25232 states in relevant part:

15 The Commissioner may, after appropriate notice and opportunity for
16 hearing, by order . . . revoke the certificate of, an investment adviser, if
17 the commissioner finds that the . . . revocation is in the public interest
and that the investment adviser . . . has done any of the following:

18 (b) Has been . . . (2) held liable in a civil action by final judgment of
19 a court based upon conduct showing moral turpitude, and the
20 commissioner finds that the . . . civil action (A) involved the purchase
or sale of any security . . .

21 7. On or about November 4, 2010, the Securities and Exchange Commission (“SEC”)
22 filed a complaint against Easy Equity Management, Mack, and others in the United States District
23 Court for the Central District of California in the matter *Securities and Exchange Commission v.*
24 *Alero Odell Mack, Jr., et al.*, case number CV 10-8383 DSF. The SEC’s complaint alleged that
25 Easy Equity Management, Mack, and others had perpetrated a \$4 million hedge fund investment
26 fraud. It was further alleged that Easy Equity Management was the general partner of Easy Equity
27 Partners, L.P. (“Easy Equity Partners”), a pooled investment vehicle and California limited
28 partnership based in Beverly Hills, California. According to the SEC’s complaint, Easy Equity

1 Partners was a purported hedge fund investing in the securities market. Easy Equity Partners raised
2 approximately \$1.7 million from investors during the period August 2008 through March 2010.
3 According to Easy Equity Partners' offering materials disseminated to investors, it was described as
4 a hedge fund, and that Easy Equity Partner's "business . . . is buying and selling securities of
5 medium to large capitalized companies, including stocks, warrants, rights and options." In a
6 summary of the offering memorandum for Easy Equity Partners, Easy Equity Management was
7 identified as the investment adviser to Easy Equity Partners.

8 8. On or about May 13, 2011, the Honorable Dale S. Fischer, United States District
9 Judge for the United States District Court, Central District of California, entered an order of final
10 judgment against Easy Equity Management in the above named case for violations of the anti-fraud
11 provisions of the Securities Act of 1933, the Securities Exchange Act of 1934, and the Investment
12 Advisers Act of 1940 (collectively "SEC Acts") for having made false and misleading statements to
13 investors regarding Easy Equity Management's prior investment performance, the misuse of investor
14 money, its purported unique access to the NYSE trading floor, and Easy Equity Management's use
15 of investor funds for its own personal use or to pay referral fees to investors for bringing in new
16 investors. Judge Fischer ordered Easy Equity Management to pay civil monetary penalties in the
17 amount of \$725,000.00 and to disgorge its ill-gotten gains, with prejudgment interest, in the amount
18 of \$3,708,900.78. Under the order of final judgment, Easy Equity Management is also permanently
19 enjoined from offering and selling securities in violation of the SEC Acts.

20 9. Easy Equity Management's misstatements and omissions of material facts, and
21 fraudulent actions in regards to the statements made to Easy Equity Management's investment
22 adviser clients, as set forth in paragraph 8., supra, involved the purchase or sale of a security in
23 violation of section 25232, subdivision (b)(2)(A) of the Corporations Code. Specifically, Easy
24 Equity Management acted as the investment adviser to Easy Equity Partners, a pooled investment
25 vehicle and purported hedge fund that offered and or sold \$1.7 million in securities to investors
26 during the period August 2008 through March 2010. Easy Equity Management's final civil
27 judgment is a judgment based upon conduct showing moral turpitude involving the purchase or sale
28 of a security, therefore, cause exists to revoke Easy Equity Management's investment adviser

1 certificate pursuant to Corporations Code section 25232, subdivision (b)(2)(A).

2 **III. SECOND CAUSE FOR REVOCATION: VIOLATIONS OF**
3 **CORPORATIONS CODE SECTION 25232, SUBDIVISION (b)(2)(B).**

4 10. Paragraphs 1. through 9. are hereby realleged and incorporated herein by reference as
5 if set forth in their entirety.

6 11. Corporations Code section 25232, subdivision (b)(2)(B), provides that the
7 Commissioner may revoke the certificate of an investment adviser if held liable in a civil action by
8 final judgment of a court based upon conduct showing moral turpitude. Subdivision (b)(2)(B) of
9 section 25232 states in relevant part:

10 The Commissioner may, after appropriate notice and opportunity for
11 hearing, by order . . . revoke the certificate of, an investment adviser, if
12 the commissioner finds that the . . . revocation is in the public interest
and that the investment adviser . . . has done any of the following:

13 (b) Has been . . . (2) held liable in a civil action by final judgment of
14 a court based upon conduct showing moral turpitude, and the
15 commissioner finds that the . . . civil action . . . (B) arose out of the
conduct of the business of a broker-dealer or investment adviser . .

16 12. As set forth more fully in paragraph 7., supra, the SEC filed a civil action against
17 Easy Equity Management, Mack, and others for violations of the SEC Acts. The SEC specifically
18 alleged in its complaint that Easy Equity Management was a California registered investment adviser
19 and general partner of Easy Equity Partners. In a summary of the offering memorandum for Easy
20 Equity Partners, Easy Equity Management was identified as Easy Equity Partners' investment
21 adviser. The SEC further alleged that at least \$1.7 million in interests in Easy Equity Partners, a
22 pooled investment vehicle, were offered and sold to investors during the period August 2008 through
23 March 2010.

24 13. As set forth more fully in paragraph 8., supra, on or about May 13, 2011, Judge
25 Fischer entered an order of final judgment against Easy Equity Management for violations of the
26 SEC Acts for having made false and misleading statements regarding Easy Equity Management's
27 prior investment performance, use of investor money, purported unique access to the NYSE trading
28 floor, and Easy Equity Management's use of investor funds for its own personal use or to pay

1 referral fees to investors for bringing in new investors. Easy Equity Management was ordered to pay
2 civil monetary penalties in the amount of \$725,000.00 and to disgorge its ill-gotten gains, with
3 prejudgment interest, in the amount of \$3,708,900.78. Easy Equity Management is also permanently
4 enjoined from offering and selling securities in violation of the SEC Acts.

5 14. Easy Equity Management’s misstatements and omissions of material facts, and
6 fraudulent actions in regards to the statements made to Easy Equity Management's investment
7 adviser clients, as set forth in paragraph 13., supra, arose out of the conduct of the business of an
8 investment adviser. Therefore, cause exists to revoke Easy Equity Management's investment adviser
9 certificate pursuant to Corporations Code section 25232, subdivision (b)(2)(B)

10 **IV. RELIEF REQUESTED**

11 WHEREFORE, based upon the foregoing, the Commissioner finds it is in the public interest
12 to revoke the investment adviser certificate of Easy Equity Management, L.P. pursuant to
13 Corporations Code section 25232, subdivisions (b)(2)(A) and (b)(2)(B).

14 WHEREFORE, IT IS PRAYED that Easy Equity Management, L.P.’s investment adviser
15 certificate be revoked pursuant to Corporations Code section 25232, subdivisions (b)(2)(A) and
16 (b)(2)(B).

17 Dated: March 13, 2012
18 Los Angeles, California

JAN LYNN OWEN
California Corporations Commissioner

20 By: _____
21 BLAINE A. NOBLETT
22 Senior Corporations Counsel
23 Enforcement Division

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