

STATE OF CALIFORNIA
BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
DEPARTMENT OF BUSINESS OVERSIGHT

TO: Five Star Financial Services of America, LLC d.b.a. JBAH Insurance Solutions
a.k.a. Five Star LLC
4067 Hardwick Street, Suite 317
Lakewood, California 90712

Anna Holt a.k.a. Anna M. Holt
4067 Hardwick Street, Suite 317
Lakewood, California 90712

John Biyikoglu a.k.a. Mehmet Biyikoglu a.k.a. Mehmet Fatih Biyikoglu a.k.a.
Mehmet Faith Biyikoglu a.k.a. John Biyik
4067 Hardwick Street, Suite 317
Lakewood, California 90712

DESIST AND REFRAIN ORDER
(For violations of sections 25210, 25230, and 25401 of the Corporations Code)

The Commissioner of Business Oversight (“Commissioner”) finds that:

1. At all relevant times, Five Star Financial Services of America, LLC d.b.a. JBAH Insurance Solutions a.k.a. Five Star LLC (“Five Star”) is a California limited liability company whose last known business address is 4067 Hardwick Street, Suite 317, Lakewood, California 90712. Five Star also operates business at 2030 Main Street, Suite 1300, Irvine, California 92614. Five Star is an insurance agent licensed by the California Department of Insurance (license no. 0I06689).

2. At all relevant times, Anna Holt a.k.a. Anna M. Holt (“Holt”) is the President and Chief Operating Officer of Five Star. Holt is a “control person” of Five Star within the meaning of Corporations Code section 160. Holt is an insurance agent licensed by the California Department of Insurance (license no. 0G56889).

3. At all relevant times, John Biyikoglu a.k.a. Mehmet Biyikoglu a.k.a. Mehmet Fatih Biyikoglu a.k.a. Mehmet Faith Biyikoglu a.k.a. John Biyik (“Biyikoglu”) is the CEO and founder of Five Star. Biyikoglu is a “control person” of Five Star within the meaning of Corporations Code section 160.

1 4. At all relevant times, Five Star, Biyikoglu, and Holt (collectively, “Respondents”) and
2 each of them, directly or indirectly controlled one another or provided substantial assistance to one
3 another within the meaning of Corporations Code section 25403.

4 5. Beginning in at least 2014, Biyikoglu offered and sold to California residents in
5 Riverside County and elsewhere securities described as “JPMorgan Structured Investments”
6 (hereinafter, “note(s”).

7 6. In connection with the offer and sale of notes, Biyikoglu distributed materials marked
8 “For RIA/Broker-Dealer Use Only” and term sheets indicating between 14.00% and 20.00% rates of
9 return. For example, one such term sheet was entitled, “Capped Buffered Return Enhanced Notes
10 Linked to the Russell 2000 Index due January 30, 2015,” and stated, “[t]he notes are designed for
11 investors who seek a return of 1.5 times the appreciation of the Russell 2000 Index up to a maximum
12 return that will not be less than 14.00% or greater than 18.00% at maturity” The term sheets
13 also stated that the price to the public per note was \$1,000.00, and the notes were neither bank
14 deposits nor insured by the Federal Deposit Insurance Corporation.

15 7. Biyikoglu told prospective investors to make a check out to, or wire transfer their
16 investment money to, Five Star. Biyikoglu said that Five Star would set up a separate account in the
17 investor’s name at JPMorgan Chase Bank, and that investors would receive statements and proceeds
18 from the notes directly from JPMorgan Chase Bank.

19 8. Biyikoglu told prospective investors that they would receive their investment principal
20 and interest in the note on the “release date,” which in most cases was one year from the date of their
21 investment.

22 9. For example, between March 2014 and June 2014, Biyikoglu advised a prospective
23 investor (“Investor A”) that a note was superior to an annuity, as it promised a better rate of return,
24 while promising monthly payments throughout the year as well. Biyikoglu stated that Investor A
25 would receive her investment principal after one year, on the “release date.”

26 10. Biyikoglu offered and sold three notes to Investor A for a total investment of
27 \$181,626.38. After depositing Investor A’s money into its JPMorgan Chase Bank account (“Five
28 Star Account 2990”), Five Star generated and sent Investor A a “Received Funds Confirmation” and

1 a document purportedly from JPMorgan Chase & Co. representing Investor A's investment in the
2 notes. Between June 2014 and July 2015, Five Star made payments to Investor A from one or more
3 of its JPMorgan Chase Bank accounts using various sources of income, such as income from the sale
4 of notes to subsequent investors and income from the sale of insurance policies. Five Star did not
5 return Investor A's principal on the "release dates."

6 11. On or about September 16, 2014, Biyikoglu offered and sold two notes, promising an
7 approximately 16.00% to 20.00% rate of return, to a California resident ("Investor B"). On or about
8 September 23, 2014, Biyikoglu sold a third note to Investor B. Investor B's investments in the three
9 notes totaling \$436,508.85 were initially deposited into Five Star Account 2990. In or around 2015,
10 Five Star generated and sent Investor B a "Year End Statement As of 12/31/14" for each of her three
11 notes.

12 12. Respondents commingled investors' monies in Five Star's accounts held at JPMorgan
13 Chase Bank. The commingled money was used for various non-investment purposes, including, but
14 not limited to: (1) paying Five Star's general business expenses; (2) paying investors' monthly
15 payments and paying investors who demanded their money back; (3) funding Five Star-affiliated
16 entities such as Five Star RPM, LLC, a real property management company; (4) paying commissions
17 to insurance agents; and (5) paying for personal expenses such as food, hotel bills, rent, phone bills,
18 car payments, and entertainment expenses.

19 13. In or around September 2015, Biyikoglu told an investor, "your accounts appreciated
20 significantly," and "We did a good job with these index investments. Returns significantly high. I
21 have become the largest producer in Contingent Coupon Certificate of Deposits"

22 14. In or around January 2016, Five Star operated a website located at
23 www.fivestarfsa.com offering financial services, including, but not limited to: "personal financial
24 planning options" and "investment management service to grow wealth across multiple generations . .
25 . financial investment benefits to your staff"

26 15. Corporations Code section 25004 defines "broker-dealer" as any person engaged in
27 the business of effecting transactions in securities in this state for the account of others or for his own
28

1 account, and includes a person engaged in the regular business of issuing or guaranteeing options
2 with regard to securities not of his own issue.

3 16. Corporations Code section 25210, subdivision (a) prohibits any broker-dealer from
4 effecting any transaction in, or inducing or attempting to induce the purchase or sale of any security
5 without first applying for and securing a certificate from the Commissioner authorizing them to do
6 so, unless exempt.

7 17. Respondents have not applied for or secured from the Commissioner a certificate to
8 engage in the business or act in the capacity of a broker-dealer, and they are not exempt from the
9 requirement set forth in Corporations Code section 25210.

10 18. Corporations Code section 25009 defines “investment adviser” as any person who, for
11 compensation, engages in the business of advising others, either directly or through publications or
12 writings, as to the value of securities or as to the advisability of investing in, purchasing, or selling
13 securities, and includes any person who uses the title, “financial planner.”

14 19. Corporations Code section 25230, subdivision (a) prohibits a person from conducting
15 business as an investment adviser in this state without first applying for and securing a certificate
16 from the Commissioner authorizing them to do so, unless exempt.

17 20. Respondents have not applied for or secured a certificate from the Commissioner to
18 engage in the business of an investment adviser, and they are not exempt from the requirement set
19 forth in Corporations Code section 25230.

20 21. Corporations Code section 25019 defines “security” as including, without limitation,
21 “any note; stock; treasury stock . . . certificate of deposit for a security”

22 22. Corporations Code section 25401 prohibits the offer or sale of securities in this state
23 by means of any written or oral communication that includes an untrue statement of a material fact or
24 omits to state a material fact necessary to make the statements made, in the light of the circumstances
25 under which the statements were made, not misleading.

26 23. Respondents offered and sold securities in this state by means of written and oral
27 communications that included an untrue statement of a material fact or omitted to state a material fact
28

1 necessary to make the statements made, in the light of the circumstances under which the statements
2 were made, not misleading, in violation of section 25401, including, but not limited to, the following:

3 a) Providing investors with documents marked, "For RIA/Broker-Dealer Use
4 Only," but omitting to state that Respondents are not RIA's, i.e. registered investment advisers, as
5 they have no certificate from the Commissioner to engage in the business of an investment adviser or
6 broker-dealer and they are not registered with the Financial Industry Regulatory Authority
7 ("FINRA").

8 b) Misrepresenting that investors' investments in the notes would be maintained
9 in a separate account in his/her name at JPMorgan Chase Bank; in fact, no separate account was
10 created in the name of any investor, and investors' monies were commingled in Five Star's bank
11 accounts that were controlled by Respondents.

12 c) Misrepresenting that investors would receive statements and proceeds directly
13 from JPMorgan Chase; in fact, statements and proceeds came from Five Star and Five Star's non-
14 investment business activities.

15 d) Omitting the fact that Respondents commingled investors' monies in Five
16 Star's accounts held at JPMorgan Chase Bank and used the funds for various non-investment
17 purposes, such as: (1) paying Five Star's general business expenses; (2) paying investors' monthly
18 payments and paying investors who demanded their money back; (3) funding Five Star-affiliated
19 entities such as Five Star RPM, LLC, a real property management company; (4) paying commissions
20 to insurance agents; and (5) paying for personal expenses such as food, hotel bills, rent, phone bills,
21 car payments, and entertainment expenses.

22 e) Misrepresenting to investors that they would receive their investment in a note
23 on the "release date."

24 Based on the foregoing, the Commissioner of Business Oversight is of the opinion that the
25 securities offered and sold, or caused to be offered or sold, by Five Star Financial Services of
26 America, LLC d.b.a. JBAH Insurance Solutions a.k.a. Five Star LLC, and its managers, officers,
27 directors, agents, or employees, Anna Holt a.k.a. Anna M. Holt, and John Biyikoglu a.k.a. Mehmet
28 Biyikoglu a.k.a. Mehmet Fatih Biyikoglu a.k.a. Mehmet Faith Biyikoglu a.k.a. John Biyik were

1 offered and sold, or caused to be offered or sold, in this state by means of written or oral
2 communications that included untrue statements of material fact or omitted to state material facts
3 necessary in order to make the statements made, not misleading, in violation of Corporations Code
4 section 25401.

5 Pursuant to Corporations Code section 25532, Five Star Financial Services of America, LLC
6 d.b.a. JBAH Insurance Solutions a.k.a. Five Star LLC, and its managers, officers, directors, agents, or
7 employees, Anna Holt a.k.a. Anna M. Holt, and John Biyikoglu a.k.a. Mehmet Biyikoglu a.k.a.
8 Mehmet Fatih Biyikoglu a.k.a. Mehmet Faith Biyikoglu a.k.a. John Biyik are hereby ordered to desist
9 and refrain from offering or selling any security in the State of California by means of any written or
10 oral communication which includes an untrue statement of a material fact or omits to state a material
11 fact necessary in order to make the statements made, in the light of the circumstances under which
12 they were made, not misleading.

13 Further, based on the foregoing, the Commissioner is of the opinion that Five Star Financial
14 Services of America, LLC d.b.a. JBAH Insurance Solutions a.k.a. Five Star LLC, and its managers,
15 officers, directors, agents, or employees, Anna Holt a.k.a. Anna M. Holt, and John Biyikoglu a.k.a.
16 Mehmet Biyikoglu a.k.a. Mehmet Fatih Biyikoglu a.k.a. Mehmet Faith Biyikoglu a.k.a. John Biyik
17 conducted business as investment advisers in this state without first applying for and securing from
18 the Commissioner a certificate, then in effect, authorizing them to do so, in violation of Corporations
19 Code section 25230.

20 Pursuant to Corporations Code section 25532, Five Star Financial Services of America, LLC
21 d.b.a. JBAH Insurance Solutions a.k.a. Five Star LLC, and its managers, officers, directors, agents, or
22 employees, Anna Holt a.k.a. Anna M. Holt, and John Biyikoglu a.k.a. Mehmet Biyikoglu a.k.a.
23 Mehmet Fatih Biyikoglu a.k.a. Mehmet Faith Biyikoglu a.k.a. John Biyik are hereby ordered to desist
24 and refrain from engaging in the business of investment advisers in the State of California unless and
25 until they have first applied for and secured from the Commissioner a certificate, then in effect,
26 authorizing them to engage in the business of investment advisers.

27 Lastly, based on the foregoing, the Commissioner is of the opinion that Five Star Financial
28 Services of America, LLC d.b.a. JBAH Insurance Solutions a.k.a. Five Star LLC, and its managers,

1 officers, directors, agents, or employees, Anna Holt a.k.a. Anna M. Holt, and John Biyikoglu a.k.a.
2 Mehmet Biyikoglu a.k.a. Mehmet Fatih Biyikoglu a.k.a. Mehmet Faith Biyikoglu a.k.a. John Biyik
3 engaged in the business of broker-dealers in this state without first applying for and securing from the
4 Commissioner a certificate, then in effect, authorizing them to do so, in violation of Corporations
5 Code section 25210.

6 Pursuant to Corporations Code section 25532, Five Star Financial Services of America, LLC
7 d.b.a. JBAH Insurance Solutions a.k.a. Five Star LLC, and its managers, officers, directors, agents, or
8 employees, Anna Holt a.k.a. Anna M. Holt, and John Biyikoglu a.k.a. Mehmet Biyikoglu a.k.a.
9 Mehmet Fatih Biyikoglu a.k.a. Mehmet Faith Biyikoglu a.k.a. John Biyik are hereby ordered to desist
10 and refrain from engaging in the business of broker-dealers in the State of California unless and until
11 they have first applied for and secured from the Commissioner a certificate, then in effect,
12 authorizing them to engage in the business of broker-dealers.

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

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16 Dated: August 9, 2016
17 Los Angeles, California

JAN LYNN OWEN
Commissioner of Business Oversight

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20
21 By: _____
22 MARY ANN SMITH
23 Deputy Commissioner
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