

1 PRESTON DUFAUCHARD
California Corporations Commissioner
2 ALAN S. WEINGER
Deputy Commissioner
3 ERIK BRUNKAL
Senior Corporations Counsel
4 1515 K St., Suite 200
Sacramento, CA 95814
5 Telephone: (916) 322-8782

6 Attorneys for Complainant

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

10 THE CALIFORNIA CORPORATIONS
11 COMMISSIONER,

12 Complainant,

13 vs.

14 KENNETH HAYASHI,

15 Respondent.

OAH NO.

16 STIPULATION TO DESIST AND REFRAIN
17 ORDER

18 IT IS HEREBY STIPULATED AND AGREED between Kenneth Hayashi, Hayashi Asset
19 Management, LLC and Hayashi Syndication Holdings, LLC ("Respondents") and the California
20 Corporations Commissioner ("Commissioner"), as follows:

21 WHEREAS, Respondents admit the jurisdiction of the California Department of
22 Corporations over themselves and over the subject matter of this Stipulation.

23 WHEREAS, Respondents waive the right to any hearing or further judicial review,
24 including that provided by California Corporations Code Sections 25532 subdivision (d), 25609
25 and California Government Code section 11523.

26 WHEREAS, Respondents represent that no promises of any kind or nature whatsoever
27 were made to induce Respondents to enter into this Stipulation, and that this Stipulation is a
28 voluntary act on the part of Respondents.

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WHEREAS, Respondents were involved in the offer and sale in this state of securities in issuer transactions and the Department of Corporations has not issued a permit authorizing any person to offer these securities.

WHEREAS, Respondent stipulates to the issuance of the Desist and Refrain Order ("Order") dated November 10, 2010, attached hereto as Exhibit A, directing Respondents to desist and refrain from the further offer and sale of securities in the State of California, including, but not limited to interest in limited liability companies and/or memberships in limited liability partnerships, unless and until qualification has been made under said law or unless exempt. The Order further directs Respondents to desist and refrain from the offer and sale of securities in this state by means of oral and written communications, which misrepresents and omits to state material facts.

WHEREAS, Respondents, without admitting any of the findings contained within the Order of this Stipulation, hereby agree and stipulate to the Order. Respondents claim that they did not make untrue statements of material fact in connection with the offer and sale of securities.

WHEREAS, Hayashi Asset Management LLC and Hayashi Syndication Holdings, LLC are Nevada limited liability companies are not in "good standing" under the laws of that state and these limited liability companies are currently in Chapter 11 proceedings, and accordingly enter into this stipulation only to the extent they are lawfully permitted to do so by and through Kenneth Hayashi and subject to appropriate disclosure, notice and/or approval in the Chapter 11 proceedings,

Respondents agree to the finality of the Commissioner's Order. Respondents further understand and agree that the Order remains in effect and is public.

PRESTON DuFAUCHARD
California Corporations Commissioner

Dated: November 10, 2010

By _____
Erik Brunkal

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KENNETH HAYASHI

Dated: November 5, ~~2011~~ 2010

HAYASHI ASSET MANAGEMENT LLC

Dated: November 5, ~~2011~~ 2010

HAYASHI SYNDICATION HOLDINGS LLC

Dated: November 5, ~~2011~~ 2010

Approved as to Form:

GARTENBERG GELFAND
WASSON & SELDEN LLP

Dated: November 9, 2011 2010

By _____

Edward Gartenberg
Attorney for Respondent

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STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION & HOUSING
DEPARTMENT OF CORPORATIONS

TO: Kenneth Hayashi
Hayashi Asset Management, LLC
Hayashi Syndication Holdings, LLC

3470 Wilshire Blvd, Suite 612
Los Angeles, CA 90010

DESIST AND REFRAIN ORDER
(For violations of sections 25110 and 25401 of the Corporations Code)

The California Corporations Commissioner (“Commissioner”) finds that:

- 1. Kenneth S. Hayashi (hereinafter “Hayashi”) is a natural person and a resident of California. Hayashi is the Managing Member, Manager, officer and/or director, or otherwise a control person of Hayashi Asset management, LLC and Hayashi Syndication Holdings, LLC.
- 2. Hayashi Asset Management, LLC, is a Nevada limited liability company created on October 7, 2005. The company is currently in a Chapter 11 proceeding. Its last known business address is 340 Hauser Boulevard, Ste. 4-434, Los Angeles, CA 90036.
- 3. Hayashi Syndication Holdings, LLC, is a Nevada limited liability company, created on September 2, 2004. The company is currently in a Chapter 11 proceeding. Its last known business address is 340 Hauser Boulevard, Ste. 4-434, Los Angeles, CA 90036
- 4. Both of the above Chapter 11 bankruptcy actions are filed in the United States Bankruptcy Court, Central District, California: Hayashi Asset Management, LLC is case number 10-BK-16721 and Hayashi Syndication Holdings, LLC is case number 10-BK-16722.
- 5. Together Hayashi, Hayashi Asset Management, LLC, and Hayashi Syndications Holdings, LLC, are hereinafter referred to as Hayashi and the “Hayashi Companies.”

1 6. Through direct solicitation including, seminars in the State of California, “webinars,” internet
2 solicitation, word of mouth, referrals and other forms of general solicitation, Hayashi and the Hayashi
3 Companies, offered and sold securities in the form of interests in limited liability companies and/or
4 memberships in limited liability partnerships in multiple dwelling residential real estate projects in
5 California. Hayashi and the Hayashi Companies called these investments “syndications’ and titled
6 them with the street addresses of the projects. The projects included, but were not limited to the
7 following addresses:

- 8 1239 Barry Ave., Los Angeles, CA 90025
- 9 1811 S. Bently Ave., Los Angeles CA 90025
- 10 2602-2608 Kelton Ave., Los Angeles, CA 90064
- 11 223, 225 & 227 S. Gale Dr., Beverly Hills, CA 90211
- 12 160 & 174 El Molino Ave., Pasadena, CA 91101
- 13 210 W. Tijunga Ave, Burbank, CA 91502
- 14 419 W. Lohart Ave., Montebello, CA 90640
- 15 2424 S. Leland, CA 90640
- 16 815 Bennett Ave., Long Beach, CA 90804
- 17 527 & 537 N. Magnolia Ave., Anaheim, CA 92801
- 18 6336 Orange Ave, Cypress CA 90630
- 19 24822 Walnut St., Newhall, CA 91321
- 20 15320 Meyer St, Mojave, CA 93501
- 21 6644 Rosemead Blvd, San Gabriel, CA
- 22 5117 Crenshaw Blvd, Los Angeles, CA
- 23 1009 Fairview Ave., Arcadia, CA

24 7. The foregoing interests in limited liability companies and/or memberships in limited liability
25 partnerships offered and sold in the State of California by Hayashi and the Hayashi Companies are
26 securities.

1 8. The California Department of Corporations has not issued any permit, license or other form of
2 authorization, approval or qualification to any person that would allow the offer and sale of the
3 above-described securities in the State of California.

4 9. In connection with these offers and sales of securities, Hayashi and the Hayashi Companies
5 made the following misrepresentations and material omissions: Failed to inform investors in the State
6 of California that Hayashi's real estate license was suspended indefinitely by the California
7 Department of Real Estate on April 25, 1996 and was subsequently revoked on September 29, 1997.
8 Hayashi's license was revoked because a judgment was entered against Hayashi on September 22,
9 1994, in the United States Bankruptcy Court based on the grounds of fraud, misrepresentation or
10 deceit with reference to a transaction for which a real estate license was required.

11
12 Based upon the foregoing findings, the California Corporations Commissioner is of the
13 opinion that the above-described interests in limited liability companies and/or memberships in
14 limited liability partnerships offered and sold in the State of California constitute securities, which are
15 subject to qualification under the Corporate Securities Law of 1968, and that these securities were
16 offered and sold without being qualified or exempt in violation of California Corporations Code
17 section 25110.

18 The California Corporations Commissioner is of the further opinion that the above-described
19 securities were offered and sold in the State of California by means of written and oral
20 communications that contain untrue statements or omissions of material facts in violation of section
21 25401 of California Corporations Code section 25401.

22 Pursuant to Corporations Code section 25532, Kenneth S. Hayashi, Hayashi Asset
23 Management, LLC, and Hayashi Syndications Holdings, LLC and any other affiliated entities under
24 the direction and control of any of them, are hereby ordered to desist and refrain from the further
25 offers or sales in the State of California of securities, including limited liability companies and/or
26 memberships in limited liability partnerships, unless and until qualification has been made under the
27 California Corporate Securities Law, or exempt.

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1 Pursuant to Corporations Code section 25532, Kenneth S. Hayashi, Hayashi Asset
2 Management, LLC, and Hayashi Syndications Holdings, LLC and any other affiliated entities under
3 the direction and control of any of them, are hereby further ordered to desist and refrain from the
4 further offer or sale in the State of California of securities, including limited liability companies
5 and/or memberships in limited liability partnerships, by means of any written or oral communication
6 which includes untrue statements or omissions of material facts.

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8 This order is necessary, in the public interest, for the protection of investors and consistent
9 with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

10 DATED: November 10, 2010

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12 PRESTON DuFAUCHARD
13 California Corporations Commissioner

14 By _____
15 Alan S. Weinger
16 Deputy Commissioner
17 Enforcement Division
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