

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

4 TO: Jeffrey Karl Barnhart  
5 J.K. Barnhart, Inc.  
6 208 Rock Creek Court  
7 Roseville, California 95747

8 **DESIST AND REFRAIN ORDER**  
9 **(For violations of section 25401 of the Corporations Code)**

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

11 1. At all relevant times, Jeffrey Karl Barnhart (Barnhart) was an individual, licensed as a  
12 salesperson with the California Bureau of Real Estate holding license number 01495886, doing  
13 business at 208 Rock Creek Court, Roseville, California 95747.

14 2. At all relevant times, J.K. Barnhart, Inc. was a California corporation with a principal  
15 place of business located at 208 Rock Creek Court, Roseville, California 95747. J.K. Barnhart, Inc.  
16 engaged in real estate related business transactions in California, which included, but was not limited  
17 to, the construction, purchase, remodel and/or resale of residential buildings for profit.

18 3. At all relevant times, Barnhart was the president and chief executive officer of J.K.  
19 Barnhart, Inc.

20 4. Beginning in 2014, Barnhart and J.K. Barnhart, Inc. offered securities in the form of  
21 investment agreements and promissory notes to at least one California resident. The terms of the  
22 investment were as follows: the investor made a capital investment of at least \$100,000.00 in J.K.  
23 Barnhart, Inc. in exchange for 12 percent annual interest, yielding a monthly interest profit of  
24 \$1,000.00 for the duration of the investment. The investor was assured he could terminate the  
25 investment and receive his capital investment principal upon written request and pursuant to agreed  
26 protocols.

27 5. Beginning in 2014, in connection with the offer of these securities, Barnhart and J.K.  
28 Barnhart, Inc. made, or caused to be made, misrepresentations of material fact or omitted to state  
material facts necessary in order to make the statements made, in the light of the circumstances under

1 which they were made, not misleading. Specifically, Barnhart and J.K. Barnhart, Inc. represented to  
2 at least one California investor that J.K. Barnhart, Inc. would pay to the investor a monthly interest  
3 payment of \$1,000.00 for the duration of the investment period and that, upon written request, the  
4 investor would receive the entire capital investment principal amount in return. However, Barnhart  
5 and J.K. Barnhart, Inc. only paid the investor 17 months of interest, despite being in possession of the  
6 entire capital investment principal amount from September 22, 2014 to present, amounting to over 33  
7 months. Also, to date, Barnhart and J.K. Barnhart, Inc. have not returned the investor's capital  
8 investment principal amount despite receiving a written demand from the investor in June 2016 for  
9 return of the capital investment principal amount.

10 Based on the foregoing findings, the Commissioner of Business Oversight is of the opinion  
11 that securities in the form of investment agreements and promissory notes were offered in this state  
12 by Jeffrey Karl Barnhart and J.K. Barnhart, Inc. by means of a written or oral communication which  
13 included an untrue statement of material fact or omitted to state a material fact necessary to make the  
14 statement made, in light of the circumstances under which they were made, not misleading, in  
15 violation of section 25401 of the Corporate Securities Law of 1968 (Corp. Code, § 25000 et seq.).

16 Pursuant to section 25532 of the Corporate Securities Law of 1968, Jeffrey Karl Barnhart and  
17 J.K. Barnhart, Inc. are hereby ordered to desist and refrain from offering or selling or buying or  
18 offering to buy any security in California, including but not limited to investment agreements and  
19 promissory notes, by means of any written or oral communication which includes an untrue statement  
20 of material fact or omits to state a material fact necessary in order to make the statements made, in  
21 light of circumstances under which they were made, not misleading.

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

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Dated: July 26, 2017  
Sacramento, California

JAN LYNN OWEN  
Commissioner of Business Oversight

By \_\_\_\_\_  
MARY ANN SMITH  
Deputy Commissioner  
Enforcement Division