

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

TO: JRShadden, Inc.
Jody R. Shadden
9598 Chamberlin Street
Ventura, CA 93004

DESIST AND REFRAIN ORDER

(For violations of sections 29520, 29535, and 29536 of the Corporations Code)

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

1. JRShadden, Inc. (“JRS”) was a Delaware corporation with its last known address at 9598 Chamberlin Street, Ventura, CA 93004.

2. Jody R. Shadden (“Shadden”) was the Chief Executive Officer of JRS.

3. Beginning in or about May 2009 through June 2012, JRS and Shadden sold or purchased or offered to sell or purchase commodities, in the form of foreign currencies, under a commodity contract or under a commodity option, or offered to enter into, or entered into, as seller or purchaser, a commodity contract or commodity option, in the State of California.

4. The foreign currencies sold, or offered to be sold, under a commodity contract or commodity option, were commodities within the meaning of Corporations Code section 29504 of the California Commodity Law of 1990.

5. The contract for the foreign currencies sold, or offered to be sold was a commodity contract within the meaning of Corporations Code section 25905.

6. Beginning in or about May 2009 through June 2012, JRS and Shadden acted as commodity merchants, within the meaning of Corporations Code section 29509, by advising a California resident regarding trading in foreign currencies under a commodity contract or commodity option.

///

///

1 7. From May 2009 through June 2012, at least one California resident entered into a
2 commodity contract with JRS and Shadden purportedly for JRS and Shadden to trade in commodities
3 on behalf of the California resident. In consideration, the California resident made a series of
4 payments to JRS totaling \$105,000.00.

5 8. Neither JRS nor Shadden were licensed by the U.S. Commodity Futures Trading
6 Commission or registered with the National Futures Association, or licensed as commodity
7 merchants, in violation of Corporations Code sections 29520 and 29535.

8 9. In connection to these commodities transactions, JRS and Shadden willfully made
9 untrue statements of material facts, or omitted to state a material fact, or willfully engaged in
10 transactions, acts, practices, or course of business which operated or would operate as a fraud or
11 deceit upon a California resident, in violation of Corporations Code section 29536, by
12 misrepresenting that:

- 13 a. The California resident's funds would be used to trade in commodities, when
14 in fact a substantial portion of her funds were used by Shadden to pay for his
15 personal expenses; and
- 16 b. The commodity contract offered and sold by JRS and Shadden was performing
17 well, when in fact Shadden had already misused the money to fund the
18 commodity contract.

19 Based on the foregoing findings, the Commissioner is of the opinion that JRShadden, Inc. and
20 Jody R. Shadden sold or purchased or offered to sell or purchase commodities, in the form of foreign
21 currencies, under a commodity contract or under a commodity option, or offered to enter into, or
22 entered into, as seller or purchaser, a commodity contract or commodity option, in the State of
23 California, in violation of Corporations Code section 29520.

24 Pursuant to Corporations Code section 29542 of the California Commodity Law of 1990,
25 JRShadden, Inc. and Jody R. Shadden are hereby ordered to desist and refrain from the further offer
26 or sale of commodities under a commodity contract or commodity option, including, but not limited
27 to, foreign currencies, and to desist and refrain from further offering to enter into, or from entering
28 into, as seller or purchaser, a commodity contract or commodity option, in the State of California,

1 unless and until those activities are not in violation of Corporations Code section 29520.

2 Based on the foregoing findings, the Commissioner is also of the opinion that JRShadden,
3 Inc. and Jody R. Shadden acted as a commodity merchant or broker without registration or licensure,
4 in violation of Corporations Code section 29535.

5 Pursuant to Corporations Code section 29542, JRShadden, Inc. and Jody R. Shadden are
6 hereby ordered to desist and refrain from engaging in the trade or business or otherwise acting as a
7 commodity merchant or broker, unless and until those activities are not in violation of Corporations
8 Code section 29535.

9 Based on the above mentioned findings, the Commissioner is also of the opinion that, in
10 connection with the purchase or sale of, the offer to sell, the offer to purchase, the offer to enter into,
11 or the entry into, commodities, commodity contract, or commodity option, JRShadden, Inc. and Jody
12 R. Shadden willfully made untrue statements of material facts, or omitted to state a material fact, or
13 willfully engaged in transactions, acts, practices, or course of business which operated or would
14 operate as a fraud or deceit upon a California resident by misrepresenting that: (a) her funds would be
15 used to trade in commodities, when in fact a substantial portion of her funds were used to pay for
16 Shadden's personal expenses; and (b) the commodity contract offered and sold by JRS and Shadden
17 was performing well, when in fact Shadden had already misused the money to fund the commodity
18 contract, in violation of Corporations Code section 29536.

19 Pursuant to Corporations Code section 29542, JRShadden, Inc. and Jody R. Shadden are
20 hereby ordered to desist and refrain from purchasing or selling or offering to purchase or sell
21 commodities or a commodity contract or commodity option, and from offering to enter into, or
22 entering into, a commodity contract or commodity option, in the State of California, by employing
23 any false report, false record, untrue statement of a material fact, or omitting to state a material fact
24 necessary in order to make the statements made, in the light of the circumstances under which they
25 were made, not misleading, or engaging in any transaction, act, practice, or course of business which
26 operates or would operate as a fraud or deceit.

27 ///

28 ///

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

This Order is necessary, in the public interest, for the protection of investors, and consistent with the purposes, policies, and provisions of the California Commodity Law of 1990.

Dated: November 23, 2015
Sacramento, California

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division