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8  
9 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT  
10 OF THE STATE OF CALIFORNIA

11 In the Matter of THE COMMISSIONER OF )  
BUSINESS OVERSIGHT OF THE STATE OF ) DESIST AND REFRAIN ORDER AND  
12 CALIFORNIA, ) ORDER FOR ANCILLARY RELIEF  
13 )  
Complainant, ) (Violations of Corporations Code sections 25110  
14 vs. ) and 25401)  
15 )  
JALAPENOS LEADERSHIP INDUSTRIES, )  
16 L.L.C.; and KENNETH WESLEY PORTER, )  
17 Respondents. )  
18 )

19  
20 The Commissioner of Business Oversight finds that:

21 **I.**

22 **STATEMENT OF FACTS**

23 1. At all relevant times, Jalapenos Leadership Industries, L.L.C. (“JLI”) is a limited  
24 liability company with a primary place of business located at 1015 Amador Street, Suite 4624,  
25 Vallejo, CA, 94590.

26 2. At all relevant times, Kenneth Wesley Porter (“Porter”) is the managing member and a  
27 representative of JLI. Porter’s primary place of business is located at JLI. Porter and JLI also transact  
28 business by way of email at jalapenosllc@gmail.com and via telephone at (707) 373-0266. JLI and

1 Porter are herein collectively referred to as “Respondents.” Whenever reference is made herein to  
2 “Respondents” doing any act, the allegation shall mean the act of each respondent acting  
3 individually, jointly and severally.

4 3. Beginning in February 2013, Respondents offered and sold investment agreements and  
5 promissory notes relating to real estate investments to at least one (1) California investor. On  
6 February 26, 2013, investor J.C., a resident of Sacramento, paid to Respondents capital to invest. The  
7 terms of the investment are as follows: Investor J.C. pays to Respondents a capital investment amount  
8 of fifty-five thousand dollars (\$55,000) for the purpose of investing in the purchase of at least one (1)  
9 foreclosed or distressed investment real estate parcel, in exchange for a profit on capital invested.  
10 Investor J.C. is to receive profits ranging from at least five percent (5%) to fifty percent (50%) of any  
11 net profits made from the resale of the distressed or foreclosed investment properties.

12 4. Beginning in 2013, Respondents offered and sold the above described securities in  
13 issuer transactions. The Department of Business Oversight has not issued a permit or other form of  
14 qualification authorizing any person to offer and sell these securities in the form of investment  
15 agreements and promissory notes relating to real estate investments in California.

16 5. Beginning in 2013, in connection with the offer and sale of these securities,  
17 Respondents, made, or caused to be made, misrepresentations of material fact or omitted to state  
18 material facts necessary in order to make the statements made, in the light of the circumstances under  
19 which they were made, not misleading.

20 6. Specifically, Respondents misrepresented to investor J.C. that investor J.C. would  
21 receive a profitable return on any investment. Respondents also misrepresented to investor J.C. that  
22 investor J.C. would, at the minimum, receive the initial principal amount invested back at the  
23 termination of the investment. Investor J.C.’s initial principal amount invested was fifty-five  
24 thousand dollars (\$55,000), tendered to Respondents on February 26, 2013. To date, investor J.C. has  
25 not received investor J.C.’s principal amount, despite repeatedly requesting the amount to be  
26 returned.

27 7. Corporations Code section 25110 prohibits the offering and/or selling securities that  
28 are not qualified by the Department or exempt.



1 securities subject to qualification pursuant to the Corporate Securities Law of 1968. These securities  
2 were offered and sold without being qualified or exempt, in violation of Corporations Code section  
3 25110.

4 The Commissioner of Business Oversight is also of the opinion that the securities in the form  
5 of investment agreements and promissory notes, were offered or sold in California by means of a  
6 written or oral communication which included an untrue statement of material fact or omitted to a  
7 state material fact necessary to make the statement made, in the light of the circumstances under  
8 which they were made, not misleading, in violation of Corporations Code section 25401 of the  
9 Corporate Securities Law of 1968.

10 **IT IS HEREBY ORDERED EFFECTIVE IMMEDIATELY THAT:**

11 Pursuant to Corporations Code section 25532, Jalapenos Leadership Industries, L.L.C. and  
12 Kenneth Wesley Porter are hereby ordered to desist and refrain from the further offer or sale in  
13 California of securities in the form of investment agreements and promissory notes, unless and  
14 until qualification has been made under said law or unless exempt.

15 **IT IS ALSO HEREBY ORDERED EFFECTIVE IMMEDIATELY THAT:**

16 Pursuant to Corporations Code section 25532 of the Corporate Securities Law of 1968,  
17 Jalapenos Leadership Industries, L.L.C. and Kenneth Wesley Porter are also hereby ordered to  
18 desist and refrain from offering or selling or buying or offering to buy any security in California,  
19 including but not limited to investment agreements and promissory notes, by means of any  
20 written or oral communication which includes an untrue statement of material fact or omits to  
21 state a material fact necessary in order to make the statements made, in the light of circumstances  
22 under which they were made, not misleading.

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This Order is necessary, in the public interest, for the protection of investors and consistent with the purposes, policies, and provisions of the Corporate Securities Law of 1968. This Order shall remain in full force and effect until further order of the Commissioner.

Dated: December 3, 2015  
Sacramento, California

JAN LYNN OWEN  
Commissioner of Business Oversight

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