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

11 In the Matter of THE COMMISSIONER OF)
12 BUSINESS OVERSIGHT OF THE STATE OF)
13 CALIFORNIA,)
14 Complainant,)
15 vs.)
16 JALAPENOS LEADERSHIP INDUSTRIES,)
L.L.C.; and KENNETH WESLEY PORTER)
17 Respondents.)
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STATEMENT IN SUPPORT OF ORDER
LEVYING ADMINISTRATIVE PENALTIES
PURSUANT TO CORPORATIONS CODE
SECTION 25252

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20 Jan Lynn Owen, the Commissioner of Business Oversight ("Commissioner"), brings this
21 action in the public interest and alleges and charges as follows:

22 **I.**
23 **STATEMENT OF FACTS**

- 24 1. At all relevant times, Jalapenos Leadership Industries, L.L.C. ("JLI") is a limited
25 liability company with a primary place of business located at 1015 Amador Street, Suite 4624,
26 Vallejo, CA, 94590.
27 2. At all relevant times, Kenneth Wesley Porter ("Porter") is the managing member and a
28 representative of JLI. Porter's primary place of business is located at JLI. Porter and JLI also transact

1 business by way of email at jalapenosllc@gmail.com and via telephone at (707) 373-0266. JLI and
2 Porter are herein collectively referred to as “Respondents.” Whenever reference is made herein to
3 “Respondents” doing any act, the allegation shall mean the act of each respondent acting
4 individually, jointly and severally.

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

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

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

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

1 **WHEREFORE**, good cause showing, and pursuant to Corporations Code section 25252, the
2 Commissioner prays for an order levying administrative penalties against Respondents Jalapenos
3 Leadership Industries, L.L.C. and Kenneth Welsey Porter, jointly and severally, as follows:

4 That pursuant to Corporations Code section 25252, the Commissioner levy administrative
5 penalties of one thousand dollars (\$1,000.00) for the first violation of Corporations Code section
6 25401 and two thousand five hundred dollars (\$2,500.00) for each subsequent violation, as listed
7 below:

8 (a) First violation: \$1,000.00 for one (1) violation of California Corporations
9 Code section 25110 as follows: Beginning in 2013, Respondents offered and sold the above
10 described securities in California in issuer transactions. The Department of Business Oversight has
11 not issued a permit or other form of qualification authorizing any person to offer and sell these
12 securities in the form of investment agreements in California;

13 (b) Second violation: \$2,500.00 for one (1) violation of California Corporations
14 Code section 25401 as follows: Beginning in 2013, Respondents misrepresented to investor J.C.
15 that investor J.C. would receive a profitable return on investor J.C.’s investment. To date, investor
16 J.C. has not received a profitable return on investor J.C.’s investment from Respondents; and

17 (c) Third violation: \$2,500.00 for a second violation of California Corporations
18 Code section 25401, as follows: Beginning in 2013, Respondents misrepresented to investor J.C.
19 that investor J.C. would, at the minimum, receive the initial principal amount invested back at the
20 termination of the investment. Investor J.C.’s initial principal amount invested was fifty-five
21 thousand dollars (\$55,000), tendered to Respondents on February 26, 2013. To date, investor J.C.
22 has not received investor J.C.’s principal amount, despite repeatedly requesting the amount to be
23 returned.

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The total amount of administrative penalties for Respondents' violations of Corporations Code sections 25110 and 25401 is six thousand dollars (\$6,000.00). These administrative penalties are necessary in the public interest for the protection of consumers and are consistent with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

Dated: December 3, 2015
Sacramento, California

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
MARISA I. URTEAGA-WATKINS
Counsel
Enforcement Division