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12 Attorneys for Complainant

13 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT  
14 OF THE STATE OF CALIFORNIA

15 In the Matter of: ) DESIST AND REFRAIN ORDER AND  
16 ) ORDER FOR ANCILLARY RELIEF  
17 THE COMMISSIONER OF BUSINESS )  
18 OVERSIGHT, ) (Violations of Corporations Code sections 25110  
19 ) and 25401)  
20 Complainant, )  
21 )  
22 v. )  
23 )  
24 STEELE SHANNON, Manager, HELLO )  
25 KITTY FILM PARTNERS, LLC, AND JERAN )  
26 JAURIGUE, )  
27 Respondents. )  
28 )

29 The Commissioner of Business Oversight finds that:

30 I.

31 **Statement of Facts**

- 32 1. At all relevant times, Hello Kitty Film Partners, LLC was a Florida limited liability company  
33 located at 638 East Atlantic Avenue, Delray Beach, Florida 33483; Steele Shannon was the manager  
34 of Hello Kitty Film Partners, LLC; and Jeran Jaurigue was a financial adviser for investor, KR.  
35 2. On or about August 12, 2010, Jeran Jaurigue advised KR to liquidate the money in KR's  
36 annuity and to invest that money in membership interest units of Hello Kitty Film Partners, LLC. At

1 that time, Jeran Jaurigue represented to KR that this investment would result in high returns, and that  
2 KR would receive all his money back within one year. The same representations were made to KR  
3 by Steele Shannon on or about August 12, 2010.

4 3. On or about August 19, 2010, Jeran Jaurigue offered a subscription agreement to KR. KR  
5 executed the subscription agreement to purchase membership interest units in Hello Kitty Film  
6 Partners, LLC, and returned the subscription agreement to Jaurigue. KR instructed Jeran Jaurigue to  
7 liquidate his annuity to invest that money in membership interests in Hello Kitty Partners, LLC,  
8 based on Jaurigue's advice.

9 4. On or about September 8, 2010, after liquidation of KR's annuity, Jeran Jaurigue delivered  
10 two checks to KR representing proceeds from the liquidated annuity. Jeran Jaurigue then  
11 accompanied KR to KR's bank. KR deposited the two checks into his bank account. KR then made  
12 a wire transfer in the amount of one hundred fourteen thousand five hundred dollars (\$114,500.00)  
13 to Hello Kitty Film Partners, LLC, based on Jaurigue's advice.

14 5. On or about September 15, 2010, KR received from Steele Shannon an ownership certificate  
15 for 1.145 units of Hello Kitty Film Partners, LLC which were purportedly to be used by the issuer to  
16 invest in a feature film production with the working title, "Hello Kitty." The ownership certificate  
17 was accompanied by a letter from Steele Shannon stating in part, "We have received your check and  
18 cleared funds for your purchase of one and fourteen and a half tenths (1.145) units of membership  
19 interest in the amount of one hundred fourteen thousand five hundred dollars (\$114,500.00)." The  
20 letter goes on to explain, "Please feel free to contact me or Associate Producer Jeran Jaurigue, for  
21 updates on the progress of our film as we move through the exciting stages of Development and Pre-  
22 Production."

23 6. Corporations Code section 25110 makes it unlawful for any person to offer or sell any  
24 security in this state in an issuer transaction unless the sale is qualified with the Commissioner. The  
25 membership interest units in Hello Kitty Film Partners, LLC are securities which were offered and  
26 sold to KR in California in an issuer transaction. These securities were offered or sold by Steele  
27 Shannon and Jeran Jaurigue. The Department of Business Oversight has not issued a permit or other  
28 form of qualification authorizing any person to offer or sell these securities in this state.

1 7. Corporations Code section 25401 prohibits the offer or sale of securities in this state by  
2 means of written or oral communications that include untrue statements of material fact or omits  
3 material facts necessary in order to make the statements made, in light of the circumstances under  
4 which they were made, not misleading. Prior to KR's investment in Hello Kitty Film Partners, LLC,  
5 Jeran Jaurigue and Steele Shannon represented to KR that this investment would result in high  
6 returns with a return on his investment within one year. These representations were contrary to the  
7 subscription agreement subsequently executed by KR. The subscription agreement does not promise  
8 any return of his investment and does not require a return of his investment within one year.  
9 Moreover, to date, KR has received no money back from his investment. Accordingly, KR has  
10 suffered a loss of one hundred fourteen thousand five hundred dollars (\$114,500.00), based on  
11 misrepresentations of Steele Shannon and Jeran Jaurigue.

## 12 II.

### 13 Order For Ancillary Relief

14 Based upon the foregoing findings of fact, Respondents have offered and sold securities in  
15 the form of membership interest units in Hello Kitty Film Partners, LLC, in violation of  
16 Corporations Code sections 25110 and 25401.

17 **WHEREFORE**, good cause showing, and the Commissioner of Business Oversight having  
18 determined that this action is in the public interest, for the protection of investors and consistent with  
19 the purposes, policies, and provisions of the Corporate Securities law of 1968, based on  
20 Respondent's violations, the Commissioner hereby orders ancillary relief pursuant to Corporations  
21 Code section 25532, subdivision (e), individually, jointly and severally against Respondents and in  
22 favor of the Commissioner on behalf of the investors, as follows:

23 a) Restitution consisting of one hundred fourteen thousand five hundred dollars  
24 (\$114,500.00), representing the amount of KR's investment.

25 b) The ancillary relief ordered in the amount of one hundred fourteen thousand five  
26 hundred dollars (\$114,500.00) shall be due and payable to the Department of Business Oversight  
27 within 30 days after this Order is deemed final pursuant to Corporations Code section 25532 and  
28 sent to the attention of: Timothy L. Le Bas, Senior Counsel, Department of Business Oversight,

1 Enforcement Division, 1515 K Street, Suite 200, Sacramento, CA 95814.

2 **III.**

3 **Desist and Refrain Order**

4 The Commissioner of Business Oversight is of the opinion that the membership units in  
5 Hello Kitty Film Partners, LLC that have been offered and sold by Steele Shannon and Jeran  
6 Jaurigue are securities subject to qualification under the California Corporate Securities Law of  
7 1968, and have been offered and sold without being qualified in violation of Corporations Code  
8 section 25110. Further, the Commissioner of Business Oversight is of the opinion that, in connection  
9 with the offer and sale of these securities to KR, Steele Shannon and Jeran Jaurigue made untrue  
10 statements of material fact or omitted to state a material fact necessary to make the statements made,  
11 in light of the circumstances under which they were made, not misleading, in violation of  
12 Corporations Code section 25401.

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

14 Pursuant to section 25532 of the Corporate Securities Law of 1968, Steele Shannon and Jeran  
15 Jaurigue are hereby ordered to desist and refrain from the further offer and sale of securities in the  
16 State of California, unless and until qualification has been made under the law or unless exempt.  
17 In addition, pursuant to section 25532, Steele Shannon and Jeran Jaurigue are hereby ordered to  
18 desist and refrain from offering or selling any security in the State of California by means of untrue  
19 statements of material fact or omissions of material fact necessary to make statements made, in light  
20 of the circumstances in which they were made, not misleading.

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

23 Dated: March 17, 2016

24 JAN LYNN OWEN  
25 Commissioner of Business Oversight

26 By \_\_\_\_\_  
27 MARY ANN SMITH  
28 Deputy Commissioner  
Enforcement Division