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7 Attorneys for Complainant

8 BEFORE THE DEPARTMENT OF CORPORATIONS
9 OF THE STATE OF CALIFORNIA

11	In the Matter of the Accusation of	)	CASE NO.
12	THE CALIFORNIA CORPORATIONS	)	FILE NO. 923-2223
13	COMMISSIONER,)	
14	Complainant,	)	ACCUSATION TO:
15	v.	)	REVOKE INVESTMENT ADVISER
16	LEEDHA, INC., DBA FLINTRIDGE ASSET	)	CERTIFICATE OF LEEDHA, INC.
17	MANAGEMENT COMPANY; and EARL D.	)	(CORPORATIONS CODE SECTION 25232)
18	ANSCHULTZ, as an individual,	)	BAR EARL D. ANSCHULTZ
19	Respondents.	)	(CORPORATIONS CODE SECTION 25232.1)
20		)	WITH
21		)	CLAIM FOR ANCILLARY RELIEF IN THE
22		)	FORM OF DISGORGEMENT AND COSTS
23		)	(CORPORATIONS CODE SECTION 25254)
24		)	AND
25		)	STATEMENT IN SUPPORT OF:
26		)	ORDER TO LEVY ADMINISTRATIVE
27		)	PENALTIES
28		)	(CORPORATIONS CODE SECTION 25252)

1 William P. Wood, the California Corporations Commissioner ("Commissioner") of the
2 Department of Corporations ("Department") alleges and charges as follows:

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5 **I. JURISDICTION AND VENUE**

6 1. The Commissioner brings this action pursuant to the provisions of California
7 Corporations Code sections 25232, 25232.1, 25252 and 25254, and the rules and regulations
8 promulgated thereunder.

9 2. The Commissioner is authorized to administer and enforce the provisions of the
10 Corporate Securities Law of 1968, Corporations Code section 25000 et seq., and the regulations
11 thereunder at California Code of Regulations, title 10, section 260.000 et seq.

12 **II. STATEMENT OF FACTS**

13 3. This action is brought to revoke the investment adviser certificate issued to Respondent
14 Leedha, Inc., dba Flintridge Asset Management Company ("Leedha") pursuant to Corporations Code
15 section 25232, and to bar Respondent Earl D. Anschutz ("Anschutz") from any position of
16 employment, management or control of any investment adviser, broker-dealer or commodity adviser
17 pursuant to Corporations Code section 25232.1. In addition, this action is brought to issue an order
18 levying an administrative penalty against Leedha pursuant to Corporations Code section 25252 and
19 also claims ancillary relief in the form of disgorgement of excessive advisory fees charged to clients
20 and costs pursuant to Corporations Code section 25254.

21 4. At all relevant times, Anschutz was the owner and President of Leedha. Leedha is a
22 California corporation, formed in February 1990. Leedha is located at 2540 Huntington Drive, Suite
23 104, San Marino California 91108.

24 5. On July 3, 1990, the Commissioner first issued an investment adviser certificate to
25 Leedha.

26 6. On October 28, 1996, the Commissioner issued an Order summarily suspending
27 Leedha's investment adviser certificate for its failure to maintain books and records and tangible net
28 capital in accordance with Corporations Code section 25241 and California Code of Regulations,

1 title 10, sections 260.241.2 and 260.241.3. In this Order, Leedha was given 30 days to come into
2 compliance. If Leedha failed to comply within 30 days, a revocation Order would be issued.
3 Leedha failed to comply within 30 days as demanded. Therefore, on December 26, 1996, the
4 Commissioner set aside the Order of suspension and issued a Summary Revocation Order for
5 Leedha's books and records violations.

6 7. On March 20, 2001, the Commissioner received a customer complaint showing that
7 Leedha was acting as an investment adviser. During this time period, Leedha did not have an
8 investment adviser certificate. On April 27, 2001, the Commissioner issued a Desist and Refrain
9 Order to Leedha and Anschultz for engaging in unlicensed investment adviser activity.

10 8. In October 2001, the Commissioner and Anschultz entered into an agreement signed by
11 both parties entitled "Undertaking". The Undertaking permitted Leedha to once again be licensed by
12 the Commissioner as an investment adviser. However, the Commissioner imposed conditions on the
13 new investment adviser certificate issued to Leedha on October 30, 2001, by requiring Leedha to file
14 two types of reports:

15 1) Monthly reports to the Commissioner stating that Leedha was in compliance
16 with the capital requirements of California Code of Regulations, title 10, section 260.237.1. If
17 during the first 12 months there were no violations of section 260.237.1, then the reports could be
18 submitted quarterly; and

19 2) Quarterly reports to the Commissioner stating that they were in compliance
20 with the books and records requirements under California Code of Regulations, title 10, sections
21 260.241.1, 260.241.2 and 260.241.3. If during the first twelve months there were no violations, then
22 the reports were due biannually.

23 These reports were due within fifteen days of the period covered and were to continue for a
24 two year period until October 31, 2003. **Paragraph 27 of the Undertaking states that if the
25 licensee fails to perform any of the conditions of the Undertaking, the Commissioner may
26 summarily revoke its certificate.**

27 9. On May 1, 2003, the Commissioner commenced a field examination of Leedha. During
28 its examination, the Commissioner determined that **Leedha violated the terms of the Undertaking,**

1 **which would entitle the Department of Corporations to summarily revoke Leedha's**
2 **investment adviser certificate.** The first quarterly report from Leedha stating that it was complying
3 with the capital requirements of California Code of Regulations, title 10, section 260.237.1 for
4 November 2002 through January 2003 was due on February 15, 2003. Leedha failed to file this
5 report as required in the Undertaking. The second quarterly report showing compliance with the
6 capital requirements was due on May 15, 2003. Leedha also failed to file this report as required in
7 the Undertaking.

8 10. Furthermore, Leedha never produced any biannual reports as required in the
9 Undertaking stating that they were in compliance with the books and records requirements under
10 California Code of Regulations, title 10, sections 260.241.1, 260.241.2 and 260.241.3.

11 11. During its May 2003 examination, the Commissioner not only determined that Leedha
12 failed to comply with the terms of the Undertaking but also discovered that Leedha continued to
13 violate the same books and records requirements and misrepresented the nature of its investment
14 advisory fees charged to clients.

15 12. Therefore, based on Leedha's continued blatant disregard of the various books and
16 records requirements and Leedha's violations of the California Securities Laws, it is in the public
17 interest that Leeda's investment adviser certificate should be revoked and Anschultz should be
18 barred from any position of employment, management or control of any investment adviser, broker-
19 dealer or commodity adviser.

20 **III. RESPONDENT LEEDHA'S INVESTMENT ADVISER CERTIFICATE SHOULD BE**
21 **REVOKED PURSUANT TO CORPORATIONS CODE SECTION 25232, SUBDIVISION (e).**

22 13. Corporations Code section 25232 provided, in pertinent part:

23 The commissioner may, after appropriate notice and opportunity for hearing, by order
24 censure, deny a certificate to, or suspend for a period not exceeding 12 months or revoke the
25 certificate of, an investment adviser, if the commissioner finds that the censure, denial,
26 suspension, or revocation is in the public interest and that the investment adviser, whether
27 prior or subsequent to becoming such, or any partner, officer or director thereof or any
28 person performing similar functions or any person directly or indirectly controlling the
investment adviser, whether prior or subsequent to becoming such, or any employee of the
investment adviser while so employed has done any of the following:

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(e) Has willfully violated any provision of . . . Title 4 (commencing with Section 25000)... or of any rule or regulation under any of those statutes, or any order of the commissioner which is or has been necessary for the protection of any investor.

14. Leedha is subject to revocation of its investment adviser certificate pursuant to Corporations Code section 25232, subdivision (e) for willfully violating Corporations Code section 25241 and California Code of Regulations, title 10, sections 260.241.2, 260.241.3, and 260.238.

Books and Records Violations

15. These willful violations consisted of Leedha's failure to keep true, accurate and current books and records in violation of Corporations Code section 25241, including:

- 1) failing to maintain a cash receipt journal in violation of California Code of Regulations, title 10, section 260.241.3, subdivision (a)(1);
- 2) failing to maintain a current general ledger which contains assets, liabilities and equities accounts in violation of California Code of Regulations, title 10, section 260.241.3, subdivision (a)(2);
- 3) failing to maintain copies of client invoices for its quarterly billing for the period April through June 2001 in violation of California Code of Regulations, title 10, section 260.241.3, subdivision (a)(5);
- 4) failing to maintain all powers of attorney and other evidences of the granting of discretionary authority by any client in violation of California Code of Regulations, title 10, section 260.241.3, subdivision (a)(9);
- 5) failing to maintain all written agreements entered into by the investment adviser with any client in violation of California Code of Regulations, title 10, section 260.241.3, subdivision (a)(10);
- 6) failing to prepare and maintain monthly computations of net capital in violation of California Code of Regulations, title 10, section 260.241.3, subdivision (j); and
- 7) failing to file its annual financial reports in violation of California Code of Regulations, title 10, section 260.241.2, subdivision (a).

The books and records requirements provide the Department with a regulatory mechanism to validate a firm's liquidity and financial integrity on a monthly basis to ensure that licensees maintain

1 the necessary net capital for the protection of the public. Leedha's failure to keep true, accurate and
2 current books and records prevents the Department from determining as part of its regulatory
3 examination, if it meets the capital requirements imposed by the Corporations Code and the
4 regulations enacted thereunder.

5 16. Corporations Code section 25241 provides that investment advisers are required to
6 maintain books and records that are subject to examinations by the Commissioner. Corporations
7 Code section 25241 provides, in relevant part, as follows:

8 (a) [E]very investment adviser licensed under Section 25230 shall make and keep accounts,
9 correspondence, memorandums, papers, books, and other records and shall file financial and
10 other reports as the commissioner by rule requires...

11 (c) All records referred to in this section are subject at any time and from time to time to
12 reasonable periodic, special or other examinations by the commissioner, within or without
13 this state, as the commissioner deems necessary or appropriate in the public interest or for the
14 protection of investors.

15 Leedha violated Corporations Code section 25241 by failing to keep true, accurate and
16 current books and records as required under California Code of Regulations, title 10, sections
17 260.241.3 and 260.241.2.

18 17. California Code of Regulations, title 10, section 260.241.3 sets forth the specific books
19 and records required to be maintained by investment advisers. Specifically, section 260.241.3
20 provides in relevant part as follows:

21 (a) Every licensed investment adviser shall make and keep true, accurate and current the
22 following books and records relating to such person's investment advisory business:

23 (1) A journal or journals, including cash receipts and disbursements records, and any other
24 records of original entry forming the basis of entries in any ledger.

25 (2) General and auxiliary ledgers (or other comparable records) reflecting asset, liability,
26 reserve, capital, income and expense accounts.

27 (5) All bills or statements (or copies thereof), paid or unpaid, relating to the business of the
28 investment adviser as such.

(9) All powers of attorney and other evidences of the granting of any discretionary authority
by any client to the investment adviser, or copies thereof.

(10) All written agreements (or copies thereof) entered into by the investment adviser with

1 any client or otherwise relating to the business of such investment adviser as such.

2 18. During the Commissioner's May 1, 2003 regulatory examination, the Commissioner
3 determined that Leedha does not maintain a cash receipt journal in violation of California Code of
4 Regulations, title 10, section 260.241.3, subdivision (a)(1).

5 19. In addition, Mr. Anschutz told the Commissioner that Leedha does not maintain a
6 cash receipt journal.

7 20. As of May 1, 2003, the general ledger and accounting records were not current through
8 March 31, 2003, as required. Leedha's financial statements and general ledger obtained on May 1,
9 2003, was as of December 31, 2002, three months behind. Furthermore, Leedha's general ledger
10 was not accurate, since it did not include an account for the unearned portion of investment advisory
11 fees billed quarterly in advance. Therefore, Leedha did not maintain a current general and auxiliary
12 ledger accounting system in violation of California Code of Regulations, title 10, section 260.241.3,
13 subdivision (a)(2).

14 21. Leedha billed its clients for the quarter April through June 2001, but did not maintain
15 invoices in violation of California Code of Regulations, title 10, section 260.241.3, subdivision
16 (a)(5).

17 22. Furthermore, Leedha did not maintain copies of the powers of attorney for forty-one of
18 its sixty accounts. Copies of these agreements were obtained from Smith Barney's Security Account
19 Limited Discretionary Authorization forms on July 3, 2003. Seventeen out of twenty-eight client
20 files reviewed did not contain copies of the investment advisory agreement. This activity is in
21 violation of California Code of Regulations, title 10, section 260.241.3, subdivisions (a)(9) and (10).

22 23. Prior to April 3, 2003, California Code of Regulations, title 10, section 260.241.3,
23 subdivision (j) provided as follows:

24 Any investment adviser who is subject to the minimum capital requirements of Section
25 260.237.1 shall, in addition to the records otherwise required under this section, maintain a
26 record of the proof of money balances of all ledger accounts in the form of trial balances and
27 a record of the computations of net capitals and aggregate indebtedness pursuant to Section
28 260.237.1 of these rules (as of the trial balance date). The trial balances and computations
shall be prepared currently at least once a month.

1 24. The Department's examiner found during its 2003 examination that Leedha did not
2 prepare its net capital and aggregate indebtedness calculations for 4 months starting with December
3 2002 and ending with March 31, 2003. Leedha also failed to maintain its net capital and aggregate
4 indebtedness calculations on a monthly basis for 17 months, starting with November 2001 and
5 ending with March 31, 2003, which included the time period relevant to the Undertaking. This is in
6 violation of California Code of Regulations, title 10, section 260.241.3, subdivision (j).

7 25. As a result of Leedha's violations of California Code of Regulations, title 10, section
8 260.241.3, subdivisions (a)(2) and (j), the Department was unable to determine at the time of the
9 examination, if the firm was in compliance with the net capital requirements under California Code
10 of Regulations, title 10, section 260.237.1.

11 26. Prior to April 3, 2003, California Code of Regulations, title 10, section 260.237.1 set
12 forth the capital requirements for investment advisers. California Code of Regulations, title 10,
13 section 260.237.1, subdivision (a)(2) provided, in relevant part, as follows:

14 (a) No investment adviser who has any power of attorney from any investment advisory
15 client to execute transactions...shall permit its total aggregate indebtedness to exceed 500%
16 of its tangible net capital or permit its current aggregate indebtedness to exceed its current net
capital; and,

17 (2) If the investment adviser has any power of attorney from any investment advisory client
18 to execute transactions and does not have regular or periodic custody or possession of any of
19 its investment advisory clients' securities or funds...it shall at all times have and maintain
tangible net capital of not less than \$5,000.00.

20 California Code of Regulations, title 10, section 260.237.1, subdivision (c) provided that for
21 purposes of section 260.237.1, subdivision (a), all financial information shall be determined in
22 accordance with generally accepted accounting principles ("GAAP").

23 27. During the Department's 2003 regulatory examination, the examiner found that Leedha
24 had power of attorney over advisory client accounts to execute transactions. Therefore Leedha was
25 required to maintain a tangible net capital of not less than \$5,000.

26 28. Prior to April 3, 2003, California Code of Regulations, title 10, section 260.241.2 set
27 forth the specific annual financial report required by investment advisers. Section 260.241.2,
28 subdivision (a)(2) provided, in relevant part, as follows:

1 (a) **General Rule.** Subject to the provisions of Subsection (c) of this section, ... every
2 licensed investment adviser subject to the provisions of section 260.237.1 of these rules, shall
3 file an annual financial report containing the information required by a form or forms to be
supplied or approved by the Commissioner as follows:

4 (2) The annual report for investment advisers shall contain a Statement of Financial
5 Condition. Supporting schedules shall contain computations of net capitals, aggregate
6 indebtedness and ratios required under Section 260.237.1 and the certificate of the accountant
required under subsection (e) of Section 260.237 of these rules.

7 29. Because Leehda was subject to the capital requirements under California Code of
8 Regulations, title 10, section 260.237.1, it was also required to file annual financial reports. The
9 Department's examiner found during the 2003 regulatory examination that Leedha had failed to file
10 annual financial reports for years 2001 through 2002 in violation of California Code of Regulations,
11 title 10, section 260.241.2, subdivision (a).

12 Violations of Fair, Equitable and Ethical Principles

13 30. California Code of Regulations, title 10, section 260.238 sets forth fair, equitable and
14 ethical principles required of investment advisers. Section 260.238, subdivision (h) provides as
15 follows:

16 The following activities do not promote "fair, equitable or ethical principles" as that
17 phrase is used in section 25238 of the Code.

18 (h) **Misrepresenting to any advisory client**, or any prospective advisory client, the
19 qualifications of the adviser, its representatives or any employees, or misrepresenting the
20 nature of the advisory services being offered or **fees to be charged for such service, or**
21 **omitting to state a material fact necessary to make the statements made regarding**
the qualifications, services or fees, in light of the circumstances under which they are
made, not misleading. (emphasis added)

22 31. Leedha misrepresented the nature of its investment advisory client fees to numerous
23 clients from January 2001 through March 31, 2003. Leedha overcharged its clients approximately
24 \$79,082.05 as a result of math errors, double billing, billing after services were terminated and
25 billing clients while Leedha was an unlicensed investment adviser from April through June 2001.
26 Therefore, Leedha misrepresented the nature of the fees to be charged for such services in willful
27 violation of California Code of Regulations, title 10, section 260.238, subdivision (h).
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1 32. Also, the contract used by Leedha grants Leedha with the authority to issue investment
2 instructions on behalf of the client, but is not signed by Leedha. After Leedha received a signed
3 contract from its clients, Leedha sent a letter to clients stating that the advisory fee charged was
4 **1.5% annually of the value of the portfolio**, billed quarterly in advance based upon values at the
5 beginning of the quarter. Leedha, however, failed to specify that the portfolio credit line, which is
6 actually the margin balance in the client account, would be added to the net value of the portfolio
7 and cost clients higher undisclosed investment advisory fees. Therefore, Leedha further
8 misrepresented the nature of the fees to be charged for such services by making material omissions
9 regarding fees it would charge in violation of California Code of Regulations, title 10, section
10 260.238, subdivision (h).

11 33. As a result, it is in the public interest that Leedha's investment adviser certificate
12 should be revoked pursuant to Corporations Code section 25232, subdivision (e).

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14 **IV. RESPONDENT ANSCHULTZ SHOULD BE BARRED FROM ANY POSITION OF**
15 **EMPLOYMENT, MANAGEMENT OR CONTROL OF ANY INVESTMENT ADVISER,**
16 **BROKER-DEALER OR COMMODITY ADVISER PURSUANT TO CORPORATIONS**
17 **CODE SECTION 25232.1**

18 34. Corporations Code Section 25232.1 provided, in pertinent part:

19 The commissioner may, after appropriate notice and opportunity for hearing, by order
20 censure, or suspend for a period not exceeding 12 months, or bar from any position of
21 employment, management or control of any investment adviser, broker-dealer or commodity
22 adviser, any officer, director, partner, employee of, or person performing similar functions
23 for, an investment adviser, or any other person, if he or she finds that the censure, suspension
24 or bar is in the public interest and that the person has committed any act or omission
25 enumerated in subdivision (a), (e), (f), or (g) of Section 25232...

26 35. Corporations Code section 25232, subdivision (e), provides that the Commissioner may
27 bar any person from any position of employment, management or control of any investment adviser,
28 broker-dealer or commodity adviser for any violation of the Corporate Securities Law, which is
found in Title 4 of the Corporations Code, or any of its rules or regulations.

 36. Therefore, by engaging in the activity described in paragraphs 15 through 32 above,
Anschultz is subject to being barred from any position of employment, management or control of
any investment adviser, broker-dealer or commodity adviser pursuant to Corporations Code section

1 25232.1, for willfully violating Corporations Code section 25241 and California Code of
2 Regulations, title 10, sections 260.241.2, 260.241.3, and 260.238.

3 37. As a result, it is in the public interest that Anschultz should be barred from any position
4 of employment, management or control of any investment adviser, broker-dealer or commodity
5 adviser pursuant to Corporations Code section 25232.1.

6 **V. ANCILLARY RELIEF SHOULD BE AWARDED**

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8 38. Leedha's clients are also entitled to relief, including disgorgement of excessive
9 investment advisory fees paid to Leedha as described above and recovery of costs, investigative
10 expenses and attorney's fees in an amount of at least \$10,000, pursuant to Corporation Code section
11 25254.

12 39. Section 25254, in pertinent part, states:

13 (a) If the commissioner determines it is in the public interest, the
14 commissioner may include in any administrative action brought under
15 this part a claim for ancillary relief, including, but not limited to, a
16 claim for restitution or disgorgement or damages on behalf of the
17 persons injured by the act or practice constituting the subject matter of
18 the action, and the administrative law judge shall have jurisdiction to
19 award additional relief.

20 (b) In an administrative action brought under this part, the commissioner is
21 entitled to recover costs, which in the discretion of the administrative law
22 judge may include an amount representing reasonable attorney's fees and
23 investigative expenses for the services rendered, for deposit into the State
24 Corporations Fund for the use of the Department of Corporations.

21 **VI. STATEMENT IN SUPPORT OF ORDER LEVYING ADMINISTRATIVE 22 PENALTIES**

23 40. This Accusation, based on the conduct described above, also serves as a basis for a
24 Statement in Support of an Order Levying Administrative Penalties. Leedha willfully violated the
25 California Securities Laws and regulations thereunder justifying the issuance of an order levying
26 administrative penalties. Leedha, having applied for and secured an investment adviser certificate is
27 obligated to have knowledge of and comply with the provisions of the California Securities Laws
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1 and regulations. Anschultz, as President and Owner of Leedha, is also obligated to have knowledge
2 of and comply with provisions of the California Securities Laws and regulations.

3 41. Corporations Code section 25252 authorizes the Commissioner to issue an order
4 levying administrative penalties against any investment adviser for willful violations of any
5 provisions of the California Securities Laws and any rules promulgated thereunder. Corporations
6 Code section 25252 provides, in relevant part:

7 The Commissioner may, after appropriate notice and opportunity for hearing,
8 by order levy administrative penalties as follows: . . .

9 (b) Any broker-dealer or investment adviser that willfully violates
10 any provision of this division to which it is subject, or that willfully
11 violates any rule or order adopted or issued pursuant to this division
12 and to which it is subject, is liable for administrative penalties of not
13 more than five thousand dollars (\$5,000) for the first violation, not
14 more than ten thousand dollars (\$10,000) for the second violation,
15 and not more than fifteen thousand dollars (\$15,000) for each
16 subsequent violation . . .

17 (c) The administrative penalties available to the commissioner pursuant to
18 this section are not exclusive, and may be sought and employed in any
19 combination with civil, criminal, and other administrative remedies
20 deemed advisable by the commissioner to enforce the provisions of this
21 division.

22 **VII. SUMMARY OF VIOLATIONS**

23 42. In summary by reason of the foregoing, Leedha willfully violated Corporations Code
24 section 25241 by failing to keep true, accurate and current books and records. Specifically, Leedha
25 made the following willful violations:

- 26 a. failing to maintain a cash receipt journal in violation of California Code of
27 Regulations, title 10, section 260.241.3, subdivision (a)(1);
- 28 b. failing to maintain a current general ledger which contains assets, liabilities and
equities accounts in violation of California Code of Regulations, title 10, section
260.241.3, subdivision (a)(2);
- c. failing to maintain copies of client invoices for its quarterly billing for the period

- 1 April through June 2001 in violation of California Code of Regulations, title 10,
2 section 260.241.3, subdivision (a)(5);
- 3 d. failing to maintain all powers of attorney and other evidences of the granting of
4 discretionary authority by any client in violation of California Code of Regulations,
5 title 10, section 260.241.3, subdivision (a)(9);
- 6 e. failing to maintain all written agreements entered into by the investment adviser
7 with any client in violation of California Code of Regulations, title 10, section
8 260.241.3, subdivision (a)(10);
- 9 f. failing to prepare and maintain monthly computations of net capital in violation of
10 California Code of Regulations, title 10, section 260.241.3, subdivision (j);
- 11 g. failing to file its annual financial reports in violation of California Code of
12 Regulations, title 10, section 260.241.2, subdivision (a); and
- 13 h. failing to disclose the nature of the fees to be charged for such services in
14 violation of California Code of Regulations, title 10, section 260.238, subdivision (h).

15 **VI. PRAYER**

16 WHEREFORE, based upon the foregoing, the Commissioner finds it is in the public interest
17 and prays that:

- 18 1. Leedha's investment adviser certificate be revoked pursuant to Corporations Code section
19 25232 for willful acts committed as specified in Corporations Code section 25232, subdivision (e);
- 20 2. Anschultz be barred from any position of employment, management or control of any
21 investment adviser, broker-dealer or commodity adviser pursuant to Corporations Code section
22 25232.1 for willful acts committed as specified in Corporations Code section 25232, subdivision (e);
- 23 3. Ancillary relief be claimed against Leedha and Anschultz pursuant to Corporations Code
24 section 25254 as follows:
- 25 a. disgorgement of excessive investment advisory client fees received by Leedha and
26 Anschultz in an amount of at least \$ 79,082.05 and according to proof; and
- 27 b. recovery of costs, investigative expenses and attorney's fees in an amount of at
28 least \$10,000.

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4. Good cause showing, pursuant to Corporations Code section 25252, the California Corporations Commissioner prays for an Order levying administrative penalties against Respondent Leedha in the amount of **\$32,000.00**, for the following willful violations:

- a. \$3500 for violations of Corporations Code section 25241;
- b. \$3500 for violations of California Code of Regulations, title 10, section 260.241.3(a), subdivision (1);
- c. \$3500 for violations of California Code of Regulations, title 10, section 260.241.3(a), subdivision (2);
- d. \$3500 for violations of California Code of Regulations, title 10, section 260.241.3(a), subdivision (5);
- e. \$3500 for violations of California Code of Regulations, title 10, section 260.241.3(a), subdivision (9);
- f. \$3500 for violations of California Code of Regulations, title 10, section 260.241.3(a), subdivision (10);
- g. \$3500 for violations of California Code of Regulations, title 10, section 260.241.3(j);
- h. \$3500 for violations of California Code of Regulations, title 10, section 260.241.2, subdivision (a); and
- i. \$4000 for violations of California Code of Regulations, title 10, section 260.238, subdivision (h).

Dated: August 16, 2004

WILLIAM P. WOOD
California Corporations Commissioner

By: _____
MICHELLE LIPTON
Corporations Counsel.
Enforcement and Legal Services Division