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California Corporations Acting Commissioner  
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4 DEPARTMENT OF CORPORATIONS  
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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

12 THE CALIFORNIA CORPORATIONS  
13 COMMISSIONER,

14 Complainant,

15 v.

16 LEEDHA, INC., DBA FLINTRIDGE ASSET  
17 MANAGEMENT COMPANY; and EARL D.  
ANSCHULTZ, as an individual,

18 Respondents.  
19  
20

) OAH NO. L2004090486  
) FILE NO. 923-2223  
) STIPULATION

21 This Stipulation is entered into between Respondents Leedha, Inc. ("Leedha"), and Earl D.  
22 Anschultz ("Anschultz"), on the one hand, and the California Corporations Acting Commissioner  
23 ("Commissioner"), on the other hand, and is made with respect to the following facts:

24 RECITALS

25 A. Leedha has been an investment adviser licensed by the Commissioner under the  
26 California Securities Law since October 30, 2001 ("CSL")(California Corporations Code § 25000 et  
27 seq.).  
28

1 B. At all relevant times, Anschutz was the owner and President of Leedha. Leedha is a  
2 California Corporation, formed in February 1990. Leedha is located at 2540 Huntington Drive,  
3 Suite 104, San Marino, California 91108.

4 C. On August 17, 2004, the Commissioner served Leedha and Anschutz ("Respondents") by  
5 certified mail: 1) a Notice of Intention to Issue an Order Revoking Leedha's Certificate as an  
6 Investment Adviser Pursuant to Corporations Code Section 25232 and Barring Earl D. Anschutz  
7 from any Position of Employment, Management or Control of any Investment Adviser, Broker-  
8 Dealer or Commodity Adviser Pursuant to Corporations Code Section 25232.1, with Claim for  
9 Ancillary Relief in the Form of Disgorgement and Costs, and Order Levying Administrative  
10 Penalties Pursuant to Corporations Code Section 25252; 2) Statement to Respondent; 3) Accusation  
11 to Revoke Investment Adviser Certificate of Leedha, Inc. (Corporations Code Section 25232); and  
12 Bar Earl D. Anschutz (Corporations Code Section 25232.1); with Claim For Ancillary Relief in the  
13 Form of Disgorgement and Attorney Fees (Corporations Code Section 25254); and 4) Statement In  
14 Support of Order to Levy Administrative Penalties (Corporations Code Section 25252); 5) Notices  
15 of Defense; and 6) Government Code Sections 11507.5, 11507.6 and 11507.7.

16 D. On or about August 23, 2004, Respondents received the above documents and filed Notices  
17 of Defense with the Commissioner on the above-referenced matter on or about August 26, 2004. A  
18 hearing is scheduled for June 29 through July 1, 2005.

19 E. On June 24, 2005, Respondents agreed to stipulate to the following: 1) an Order permanently  
20 barring Anschutz from employment, management and control of any investment adviser, which  
21 must be entered into the Investment Adviser Registration Depository ("IARD"), without admitting  
22 or denying any wrongdoing, effective the date Leedha sells its investment adviser client list, but by  
23 no later than October 1, 2005; 2) Leedha agrees to surrender its investment adviser license, effective  
24 by no later than October 1, 2005, without selling Leedha's business or investment adviser license;  
25 however, Leedha may sell its investment adviser client list but may not receive any future  
26 commissions or contingency fees as a result of the sale and any sale shall be a one-time-only  
27 payment for the client list (that can be paid in installments) and shall not be contingent on any future  
28 client's agreements to be serviced by the purchaser; 3) From the date the Stipulation is entered,

1 Leedha and Anschultz may not take on any new clients and may not overcharge any existing clients;  
2 If the Department determines that Leedha charged fees in excess of the fees stated in the clients  
3 current investment advisory agreement from the date the Stipulation is entered until October 1, 2005,  
4 then Leedha agrees to pay a fine in the amount of \$5,000 for each client overcharged; 4) Leedha  
5 agrees to disgorge any over charged investment advisory fees, which is estimated to be  
6 approximately \$55,056.25 to its investment adviser clients and must provide proof that clients have  
7 been reimbursed by no later than December 31, 2005; however, this amount may be reduced if  
8 Leedha can prove in writing that clients have already recovered some or all of these overcharges; 5)  
9 Leedha agrees to contact its clients in writing within ten (10) days from the date of the Stipulation  
10 and must disclose this settlement, including the stipulated Order permanently barring Anschultz and  
11 must provide proof to the Department that it has done so; 6) The Department agrees to waive its  
12 administrative penalties and costs; and 7) Leedha agrees to cooperate with two field examinations to  
13 occur sometime within one year from the date the Stipulation is entered and Leedha must either  
14 provide adequate space for the examination where the books and records are maintained or bring all  
15 books and records to the Department for the exam.

16 It is the intention and desire of the parties to resolve this matter without the necessity of a  
17 hearing and/or other litigation.

18 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions set  
19 forth herein, the parties agree as follows:

20 **TERMS AND CONDITIONS**

21 1. Respondents agree to 1) an Order permanently barring Anschultz from employment,  
22 management and control of any investment adviser, which must be entered into the Investment  
23 Adviser Registration Depository ("IARD"), without admitting or denying any wrongdoing, effective  
24 the date Leedha sells its investment adviser client list, but by no later than October 1, 2005; 2)  
25 Leedha agrees to surrender its investment adviser license, effective by no later than October 1, 2005,  
26 without selling Leedha's business or investment adviser license; however, Leedha may sell its  
27 investment adviser client list but may not receive any future commissions or contingency fees as a  
28 result of the sale and any sale shall be a one-time-only payment for the client list (that can be paid in

1 installments) and shall not be contingent on any future client's agreements to be serviced by the  
2 purchaser; 3) From the date the Stipulation is entered, Leedha and Anschultz may not take on any  
3 new clients and may not overcharge any existing clients; If the Department determines that Leedha  
4 charged fees in excess of the fees stated in the clients current investment advisory agreement from  
5 the date the Stipulation is entered until October 1, 2005, then Leedha agrees to pay a fine in the  
6 amount of \$5,000 for each client overcharged; 4) Leedha agrees to disgorge any over charged  
7 investment advisory fees, which is estimated to be approximately \$55,056.25 to its investment  
8 adviser clients and must provide proof that clients have been reimbursed by no later than December  
9 31, 2005; however, this amount may be reduced if Leedha can prove in writing that clients have  
10 already recovered some or all of these overcharges; 5) Leedha agrees to contact its clients in writing  
11 within ten (10) days from the date of the Stipulation and must disclose this settlement, including the  
12 stipulated Order permanently barring Anschultz and must provide proof to the Department that it has  
13 done so; 6) The Department agrees to waive its administrative penalties and costs; and 7) Leedha  
14 agrees to cooperate with two field examinations to occur sometime within one year from the date the  
15 Stipulation is entered and Leedha must either provide adequate space for the examination where the  
16 books and records are maintained or bring all books and records to the Department for the exam.  
17 If Leedha does not surrender its investment adviser license by October 1, 2005, then the Department  
18 can immediately revoke Leedha's investment adviser license and Respondents waive their rights to a  
19 hearing, and to any reconsideration, appeal, or other rights which may be afforded pursuant to the  
20 CSL, the California Administrative Procedure Act, the California Code of Civil Procedure, or any  
21 other provision of law in connection with this matter herein.

22 2. The Commissioner will issue an Order permanently barring Anschultz from employment,  
23 management and control of any investment adviser, effective the date Leedha surrenders its license,  
24 but by no later than October 1, 2005. A true and correct copy of the Stipulated Bar Order is attached  
25 and incorporated as **Exhibit A**.

26 3. Anschultz stipulates to the bar order without admitting any of the allegations contained in the  
27 Accusation. If Anschultz, however, shall apply for any license currently under the Department's  
28 jurisdiction, the allegations contained in the Accusation will be deemed admitted. This includes any

1 application for the following licenses: 1) Escrow Agent license pursuant to Financial Code section  
2 17000, et seq.; 2) Finance Lender license pursuant to Financial Code section 22000, et seq.; 3)  
3 Deferred Deposit Transaction license pursuant to Financial Code section 23000, et seq.; 4)  
4 California Residential Mortgage Lender/Service license pursuant to Financial Code section 50000,  
5 et seq.; 5) Check Seller, Bill Payer or Prorater license pursuant to Financial Code section 12000, et  
6 seq.; and 6) Any securities license, including as a broker-dealer, agent, investment adviser or  
7 investment adviser representative.

8 4. Respondents acknowledge their right to an administrative hearing under the Corporations  
9 Code in connection with the revocation and bar and waive their rights to a hearing, and to any  
10 reconsideration, appeal, or other rights which may be afforded pursuant to the CSL, the California  
11 Administrative Procedure Act, the California Code of Civil Procedure, or any other provision of law  
12 in connection with this matter herein. Furthermore, Respondents acknowledge that this Stipulation is  
13 a public document.

14 5. The parties hereby acknowledge and agree that this Stipulation is intended to constitute a full,  
15 final and complete resolution of this matter. The parties further acknowledge and agree that nothing  
16 contained in this Stipulation shall operate to limit the Commissioner's ability to assist any other  
17 agency, (county, state or federal) with any prosecution, administrative, civil or criminal, brought by  
18 any such agency against Respondents based upon any of the activities alleged in this matter or  
19 otherwise.

20 6. Each of the parties represents, warrants, and agrees that it has received independent advice  
21 from its attorney(s) and/or representatives with respect to the advisability of executing this  
22 Stipulation.

23 7. Each of the parties represents, warrants, and agrees that in executing this Stipulation it has  
24 relied solely on the statements set forth herein and the advice of its own counsel and/or  
25 representative. Each of the parties further represents, warrants, and agrees that in executing this  
26 Stipulation it has placed no reliance on any statement, representation, or promise of any other party,  
27 or any other person or entity not expressly set forth herein, or upon the failure of any party or any  
28 other person or entity to make any statement, representation or disclosure of anything whatsoever.

1 The parties have included this clause: (1) to preclude any claim that any party was in any way  
2 fraudulently induced to execute this Stipulation; and (2) to preclude the introduction of parol  
3 evidence to vary, interpret, supplement, or contradict the terms of this Stipulation.

4 8. This Stipulation is the final written expression and the complete and exclusive statement of all  
5 the agreements, conditions, promises, representations, and covenants between the parties with  
6 respect to the subject matter hereof, and supercedes all prior or contemporaneous agreements,  
7 negotiations, representations, understandings, and discussions between and among the parties, their  
8 respective representatives, and any other person or entity, with respect to the subject matter covered  
9 hereby.

10 9. In that the parties have had the opportunity to draft, review and edit the language of this  
11 Stipulation, no presumption for or against any party arising out of drafting all or any part of this  
12 Stipulation will be applied in any action relating to, connected, to, or involving this Stipulation.  
13 Accordingly, the parties waive the benefit of California Civil Code section 1654 and any successor  
14 or amended statute, providing that in cases of uncertainty, language of a contract should be  
15 interpreted most strongly against the party who caused the uncertainty to exist.

16 10. This Stipulation may be executed in one or more counterparts, each of which shall be an  
17 original but all of which, together, shall be deemed to constitute a single document.

18 11. Each signator hereto covenants that he/she possesses all necessary capacity and  
19 authority to sign and enter into this Stipulation.

20  
21 Dated: June 29, 2005

WAYNE STRUMPFER  
California Corporations Acting Commissioner

22  
23 By \_\_\_\_\_  
JUDY L. HARTLEY  
Senior Corporations Counsel

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25  
26 Dated: June 29, 2005

27 By \_\_\_\_\_  
EARL D. ANSCHULTZ, as President, on behalf of  
28 Leedha, Inc.

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Dated: June 29, 2005

By \_\_\_\_\_  
EARL D. ANSCHULTZ, as an individual

Approved as to form on  
June 29, 2005:

By \_\_\_\_\_  
MICHAELINE A. RE, ESQ.  
Attorney for Respondents