

1 STATE OF CALIFORNIA
2 BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
3 DEPARTMENT OF BUSINESS OVERSIGHT

4 TO: Platinum Capital Services
5 Platinum Capital Financial
6 Platinum Capital Accounting and Tax Services
7 David Gene Neugart

8 44115 Calle Luz
9 Temecula, California 92592

10 28362 Vincent Moraga Drive, Suite A
11 Temecula, California 92590

12 **DESIST AND REFRAIN ORDER**
13 **(For violations of sections 25230 and 25235 of the Corporations Code)**

14 The Commissioner of Business Oversight (Commissioner) finds that:

15 1. At all relevant times, Platinum Capital Service, doing business as Platinum Capital
16 Financial and also doing business as Platinum Capital Accounting and Tax Services (collectively,
17 Platinum) was a California business entity of unknown formation doing business at 44115 Calle Luz,
18 Temecula, California 92592 and at 28362 Vincent Moraga Drive, Suite A, Temecula, California
19 92590. Platinum is in the business of tax preparation, financial and investment advising, accounting
20 and real estate.

21 2. At all relevant times, David Gene Neugart (Neugart) was a representative of Platinum.
22 Neugart represents to California residents through public and direct representations that he is the
23 “owner” of Platinum. Neugart also represents to California residents that he is a “financial advisor”,
24 an “independent advisor” for The Vanguard Group, and engages in the business of “wealth
25 management”. Neugart also conducts business at 44115 Calle Luz, Temecula, California 92592 and
26 at 28362 Vincent Moraga Drive, Suite A, Temecula, California 92590.

27 3. Neugart was licensed by the Bureau of Real Estate (BRE) as a real estate salesperson
28 on June 25, 2002, and as a real estate broker on September 10, 2009. From April 26, 2014 to
December 2, 2014, Neugart BRE licensures were suspended and/or not renewed because Neugart was

1 in default of court-ordered child support payments. On January 7, 2016, the BRE issued an
2 Accusation to suspend or revoke Neugart's BRE licensures pursuant to Real Estate Code sections
3 10130 (unlicensed activity), 10159.5 (unlicensed fictitious business name), 10176, subdivision (a)
4 (substantial misrepresentation), 10176, subdivision (i) (fraud or dishonest dealing), 10177,
5 subdivision (d) (willful disregard or violation of Real Estate Law), and 10177, subdivision (j) (fraud
6 or dishonest dealing) (hereafter, Accusation). On August 23, 2016, the BRE issued an Amended
7 Accusation to suspend and/or revoke Neugart's BRE licensures to include all the aforementioned
8 violations in the Accusation (hereinafter, Amended Accusation). In addition, the First Amended
9 Accusation asserted that Neugart failed to disclose to the BRE his criminal conviction which
10 occurred in April of 2016, in violation of Real Estate Code section 10186.2.

11 4. On January 6, 2017, Mathew Goldsby, Administrative Law Judge (ALJ) of the
12 California Office of Administrative Hearings, found that Neugart engaged in activities requiring a
13 real estate sales person and/or broker license when he did not have an active real estate license,
14 concealed from California real estate consumers that he did not have an active real estate license
15 during the execution of real estate transactions, misrepresented his authority to sign real estate
16 documents on behalf of California real estate consumers, redacted documents with correction tape in
17 an effort to further a misrepresentation of material fact, and failed to disclose a criminal misdemeanor
18 conviction. ALJ Goldsby also found that Neugart's credibility was lacking, that Neugart had a
19 tendency to withhold material information, that he had a lack of candor; and that Neugart had a
20 careless disregard for disclosing material information. On March 6, 2017, pursuant to the Amended
21 Accusation and administrative hearing, Neugart's BRE licensures were revoked.

22 5. Beginning in at least 2012, Platinum and Neugart engaged in the business of providing
23 investment advice to California residents in connection with providing tax preparation services. In
24 2017, Platinum and Neugart advised California residents regarding investments made with and
25 through The Vanguard Group. Platinum and Neugart received over \$30,000.00 in investment capital
26 from at least one California resident for placement in an account with The Vanguard Group for
27 investment purposes. Platinum and Neugart received adviser fees in connection with providing
28 investment advice.

1 6. Beginning in at least 2016, Platinum and Neugart, in the process of providing
2 investment advice, represented to at least one California resident that the investment capital was in an
3 interest-bearing account with The Vanguard Group specifically vested in the resident's name, and
4 presented account statements reflecting this. These statements were marked with The Vanguard
5 Group trademark name and had the California investor's name typed on them. However, according
6 to The Vanguard Group, no such accounts existed and the statements presented by Platinum and
7 Neugart were not issued by The Vanguard Group.

8 7. Neugart and Platinum do not have a valid investment adviser certificate issued by the
9 Commissioner nor have they been registered as an investment adviser with the U.S. Securities &
10 Exchange Commission. Neugart and Platinum are not exempt from the certification requirement set
11 forth in the Corporate Securities Law of 1968 (Corp. Code, § 25000 et seq.) (CSL).

12 8. CSL section 25230, subdivision (a) prohibits a person from conducting business as an
13 investment adviser in this state without first applying for and securing a certificate from the
14 Commissioner authorizing them to do so, unless exempt.

15 9. Under section 25235, subdivisions (a) and (b) of the CSL, it is unlawful for any
16 investment adviser, directly or indirectly, in this state to employ any device, scheme, or artifice to
17 defraud any client or prospective client; and to engage in any transaction, practice, or course of
18 business which operates or would operate as a fraud or deceit upon any client or prospective client.

19 Based upon the foregoing findings, the Commissioner is of the opinion that David Gene
20 Neugart and Platinum Capital Service, doing business as Platinum Capital Financial, and also doing
21 business as Platinum Capital Accounting and Tax Services, conducted business as an investment
22 adviser in this state without first securing from the Commissioner a certificate, authorizing them to do
23 so, in violation of section 25230 of the CSL.

24 Pursuant to section 25532 of the CSL, David Gene Neugart and Platinum Capital Service,
25 doing business as Platinum Capital Financial, and also doing business as Platinum Capital
26 Accounting and Tax Services, are hereby ordered to desist and refrain from conducting business as an
27 investment adviser in the State of California, unless and until David Gene Neugart and Platinum
28 Capital Service, doing business as Platinum Capital Financial, and also doing business as Platinum

1 Capital Accounting and Tax Services, have first applied for and secured from the Commissioner a
2 certificate, then in effect, authorizing him to act as an investment advisor or unless exempt.

3 Based upon the foregoing findings, the Commissioner is of the opinion that David Gene
4 Neugart and Platinum Capital Service, doing business as Platinum Capital Financial, and also doing
5 business as Platinum Capital Accounting and Tax Services, conducted business as an investment
6 adviser in this state and employed a device, scheme, or artifice to defraud any client or prospective
7 client and engaged in a transaction, practice, or course of business which operates or would operate
8 as a fraud or deceit upon any client or prospective client, in violation of section 25235, subdivisions
9 (a) and (b) of the CSL.

10 Pursuant to section 25532 of the CSL, David Gene Neugart and Platinum Capital Service,
11 doing business as Platinum Capital Financial, and also doing business as Platinum Capital
12 Accounting and Tax Services, are hereby ordered to desist and refrain from directly or indirectly
13 employing any device, scheme, or artifice to defraud any client or prospective client and to engage in
14 any transaction, practice, or course of business which operates or would operate as a fraud or deceit
15 upon any client or prospective client.

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

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19 Dated: July 2, 2018
20 Sacramento, California

JAN LYNN OWEN
Commissioner of Business Oversight

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22 By _____
23 MARY ANN SMITH
24 Deputy Commissioner
25 Enforcement Division
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