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8
9 BEFORE THE DEPARTMENT OF BUSINESS OVERISGHT
10 OF THE STATE OF CALIFORNIA

11 In the Matter of) FILE NO. 166561
12)
13 THE COMMISSIONER of BUSINESS) 1. DESIST AND REFRAIN ORDER;
OVERSIGHT,) 2. CLAIM FOR ANCILLARY RELIEF; and
14)
15 Complainant,) 3. ORDER LEVYING ADMINISTRATIVE
v.) PENALTIES
16)
Green Lane Partners, LLC and John J. Yoon)
17)
18 Respondents)
19)
20)

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22 The Commissioner of Business Oversight ("Commissioner") of the Department of Business
23 Oversight ("Department") alleges and charges as follows:

24 **I. JURISDICTION AND VENUE**

25 1. The Commissioner brings this action pursuant to the provisions of California
26 Corporations Code sections 25252(b), 25254(a), and 25532(b), and the rules and regulations
27 promulgated thereunder.

28 2. The Commissioner is authorized to administer and enforce the provisions of the

1 Corporate Securities Law of 1968, Corporations Code section 25000 *et seq.* ("CSL") and the
2 regulations thereunder at Title 10, California Code of Regulations ("CCR").

3 3. This action is brought to order Respondent Green Lane Partners, LLC ("Green
4 Lane") and John J. Yoon ("Yoon") to:

5 (a) desist and refrain from unlicensed investment adviser activities pursuant to CSL section
6 25532(b);

7 (b) pay back to clients all fees, of at least thirty-four thousand two hundred and three dollars
8 (\$34,203), received while unlicensed, pursuant to CSL section 25254(a), and;

9 (c) pay penalties to the Department for conducting unlicensed investment adviser activities
10 pursuant to section 25252(a) of one-thousand five-hundred (\$1,500.00) for all violations of
11 25230(a), combined.

12 II. STATEMENT OF FACTS

13 4. At all relevant times, Yoon was the majority owner and sole control person of Green
14 Lane. Green Lane is a California limited liability company, formed July 27, 2007, with its principal
15 place of business located at 16 North Marengo Avenue, Suite 414, Pasadena, California 91101.

16 5. On or about April 3, 2013, Green Lane filed an application for an investment adviser
17 certificate with the Department. The application revealed that Green Lane and Yoon had likely
18 engaged in investment adviser activities without a license.

19 6. On its application, Green Lane stated that it had provided investment advice for a
20 fee. When the Department inquired about this activity, Green Lane fully cooperated, providing
21 information showing that it had four (4) clients, with a total of six million one hundred thousand
22 dollars (\$6,100,00.00) under management, the majority of which was Yoon's own funds.

23 7. The information provided by Green Lane and Yoon shows that, although Green
24 Lane and Yoon believed that their activities fell within the "deminimus" exemption provided in the
25 California Corporations Code, they fell outside of the exemption because they were not licensed in
26 any other jurisdiction, and thus they were engaged in unlicensed investment adviser activity in
27 violation of CSL section 25230(a).

28 8. Neither the Department nor the U.S. Securities and Exchange Commission ("SEC")

1 have issued an investment adviser certificate to Green Lane or Yoon.

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3 **III. ORDER TO DESIST AND REFRAIN FROM UNLICENSED INVESTMENT**
4 **ADVISER ACTIVITIES IN CALIFORNIA PURSUANT TO CORPORATIONS CODE**
5 **SECTION 25230(a) AND 25532 (b)**

6 18. Corporations Code section 25230 (a) provides, in pertinent part:

7 It is unlawful for any investment adviser to conduct business as an
8 investment adviser in this state unless the investment adviser has first applied for
9 and secured from the commissioner a certificate, then in effect, authorizing the
10 investment adviser to do so

11 19. Corporations Code section 25532(b) provides, in pertinent part:

12 If, in the opinion of the commissioner, a person has been or is acting as a
13 broker-dealer or investment adviser, or has been or is engaging in broker-dealer or
14 investment adviser activities, in violation of Section 25210, 25230, or 25230.1,
15 the commissioner may order that person to desist and refrain from the activity
16 until the person has been appropriately licensed or the required filing has been
17 made under this law.

18 20. Green Lane and Yoon have conducted business as an investment adviser in this state
19 without first securing from the commissioner a certificate, then in effect, in violation of
20 Corporations Code section 25230(a).

21 Accordingly, Green Lane and Yoon are hereby ordered to desist and refrain from acting as
22 an investment adviser in the State of California unless and until they have first applied for and
23 secured from the commissioner a certificate authorizing them to act as an investment adviser, or
24 unless exempt.

25 This Order is necessary, in the public interest, for the protection of investors, and consistent
26 with the purposes, policies, and provisions of the CSL.

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1 **IV. CLAIM FOR ANCILLARY RELIEF IN THE FORM OF DISGORGEMENT**

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3 21. Corporations Code section 25254(a) provides, in pertinent part:

4 If the commissioner determines it is in the public interest, the
5 commissioner may include in any administrative action brought under this part a
6 claim for ancillary relief, including, but not limited to, a claim for restitution or
7 disgorgement or damages on behalf of the persons injured by the act or practice
8 constituting the subject matter of the action. . .”

9 The Commissioner hereby makes a claim for disgorgement by Green Lane and Yoon of all
10 fees collected in the amount of at least thirty-four thousand two hundred and three dollars
11 (\$34,203), charged to clients while Green Lane and Yoon were engaged in unregistered investment
12 advisory activities.

13 **V. ORDER LEVYING ADMINISTRATIVE PENALTIES**

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15 22. Green Lane and Yoon willfully violated the CSL by engaging in unlicensed
16 investment adviser activity, in violation of CSL section 25230(a).

17 23. CSL section 25245 states:

18 It is unlawful for any person willfully to make any untrue statement of a
19 material fact in any application, notice, or report filed with the commissioner
20 under this part, or willfully to omit to state in any such application, notice, or
21 report any material fact which is required to be stated therein.

22 24. Corporations Code section 25252(b) authorizes the Commissioner to issue an order
23 levying administrative penalties against any investment adviser for willful violations of any
24 provisions of the California Securities Laws and any rules promulgated thereunder.

25 25. Corporations Code section 25252(b) provides, in relevant part:

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

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Pursuant to Corporations Code section 25252(a), the commissioner hereby levies administrative penalties against Respondents Green Lane and Yoon in the aggregate amount of one-thousand five-hundred dollars (\$1,500.00), for repeated willful violations of section 25230(a) over more than one year of advising clients and collecting fees while unlicensed. This amount shall be paid to the commissioner within sixty (60) days of the date of this Order.

This Order is necessary, in the public interest, for the protection of investors, and consistent with the purposes, policies, and provisions of the CSL.

Dated: August 27, 2013
Sacramento, California

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division