

**DEPARTMENT OF CORPORATIONS***Business Services and Consumer and Investor Protection***PRESTON DuFAUCHARD**  
California Corporations Commissioner**MEDIA RELEASE****For Immediate Release**  
January 24, 2011**Contact:**  
Mark Leyes (916) 322-7180**STATE OBTAINS COURT ORDER TO HALT  
MULTI-MILLION DOLLAR INVESTMENT FRAUD**

*Sacramento, January 24, 2011* — The California Department of Corporations has obtained a Temporary Restraining Order granting the Department's request for an injunction, an asset freeze and appointment of a receiver against CanAm Capital Corporation and individuals associated with CanAm, including Jay Jordan Barnhardt, Kelly Keith Morgan, and Aaron Kane Barnhardt. The defendants are alleged to have engaged in securities fraud and diversion of investor funds for improper purposes. The Order was obtained in Los Angeles Superior Court on January 20<sup>th</sup>.

The Department has filed a civil complaint alleging that CanAm and related companies raised at least \$15 million from at least 329 investors, 163 of which were California residents, through fraudulent misrepresentation of investment opportunities. The suit further alleges that companies were established and operated in order to fraudulently obtain client funds and divert them for improper purposes. Much of the activity occurred in spite of a February 2009 order from California Corporations Commissioner Preston DuFauchard ordering a halt to unlawful activities. The complaint requests defendants pay restitution to investors and civil monetary penalties to the State.

"The Department is committed to aggressively pursuing and halting these types of investment schemes," said Commissioner DuFauchard. "The court recognized the seriousness of the offenses and granted the Department's request to appoint a receiver to, hopefully, secure enough assets for restitution to wronged investors."

In addition to Jay and Aaron Barnhardt and Kelly Morgan, the Temporary Restraining Order is effective against companies controlled by one or any combination of the individuals, to include CanAm Capital Corp., Premier Equity Fund LLC, Premier Equity Fund II LLC, Premier Equity Fund III LLC, and Premier Equity Fund IV LLC.

The Department's complaint alleges that the defendants unlawfully offered and sold securities by means of untrue statements or omissions of fact, depleted more than \$1 million of investor funds upon learning that the Department subpoenaed the account records of a defendant's personal credit card, and spent approximately \$1.5 million of investor funds in contradiction to the purposes stated in the offering materials. The Department also alleges the defendants used funds from their corporate account on a variety of personal expenses, including to pay personal income taxes and to pay for personal credit card expenses. Finally, the complaint alleges that CanAm continued to operate in violation of an earlier order to desist and refrain in unlawful investment activities issued by Corporations Commissioner DuFauchard on February 11, 2009.

The complaint and supporting documents may be viewed at <http://www.corp.ca.gov/ENF/list/c/CanAmCorp.asp>.

*The Department of Corporations (DOC) provides protections to consumers, and services to businesses, engaged in financial transactions in California. DOC is responsible for the regulation and licensing of securities, franchises, off-exchange commodities, investment and financial services, independent escrows, consumer and commercial finance lending, residential mortgage lending, payday lenders, check sellers, bill payers, and debt reduction services. Consumers and investors are invited to contact the department to check on the status of the companies, investments or financial services they are considering at DOC's toll-free Consumer Resource Center at (866) ASK-CORP or [www.corp.ca.gov](http://www.corp.ca.gov).*

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