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9

10 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
11 OF THE STATE OF CALIFORNIA

12 In the Matter of:) CRD Nos.: 168921, 3260340
13 THE COMMISSIONER OF BUSINESS)
14 OVERSIGHT,) CONSENT ORDER
15 Complainant,)
16 v.)
17 BLUEPRINT WEALTH PARTNERS, LLC and)
18 CORY RYAN BURNELL,)
19 Respondents.)
20)

21 The Commissioner of Business Oversight (Commissioner) and Blueprint Wealth Partners,
22 LLC (Blueprint) and Cory Ryan Burnell (Burnell), (collectively, the Parties), enter into this Consent
23 Order with respect to the following facts:

24 RECITALS

25 A. The Commissioner is authorized to administer and enforce the provisions of the Corporate
26 Securities Law of 1968 (Corp. Code, § 25000 et seq.) (CSL) and the regulations promulgated
27 thereunder at title 10 of the California Code of Regulations, which include the licensure,
28 examination, and regulation of investment advisers.

1 B. Blueprint is a California limited liability company, with its principal office located at 15 St.
2 Andrews Road, Suite 10, Valley Springs, California 95252.

3 C. Blueprint currently holds a valid investment adviser certificate issued by the Commissioner
4 pursuant to Corporations Code section 25230 (Central Registration Depository No. 168921).

5 D. Burnell is the 100% owner and Investment Adviser Representative of Blueprint (Central
6 Registration Depository No. 3260340)

7 E. Burnell, as sole principal of Blueprint, managed client investment accounts on a discretionary
8 basis through LPL Financial, LLC and Interactive Brokers Group, LLC. Clients authorized Blueprint
9 and Burnell to use sole discretion in buying and selling investments on their behalf.

10 F. The clients were not adequately informed of the risk of their investments, and the types of
11 investments were unsuitable for them in light of their stated investment objectives and risk tolerance.
12 These investments included uncovered option trades, leveraged exchange traded funds (ETFs), and other
13 speculative investments. Blueprint and Burnell also used excessive leverage on the investments. This
14 resulted in clients losing their entire principal, and incurring additional losses on the uncovered call and
15 put option trades.

16 G. From October to December 2015, five former Blueprint clients filed complaints with the
17 Financial Industry Regulatory Authority (FINRA) about Blueprint and Burnell's use of excessive
18 leverage and unsuitable investments.

19 H. On April 6, 2016, the Commissioner received a complaint from a Blueprint and Burnell client.
20 On August 3-5, 2016, the Commissioner conducted a regulatory examination of Blueprint

21 (Examination). The Examination revealed that Blueprint and Burnell did not fully take into account
22 their clients' the risk tolerance and investment objectives of the clients impacted by these specific
23 investments, and placed their clients' funds in highly speculative, volatile, and risky investments.

24 Consequently, Blueprint and Burnell violated Corporations Code section 25238 and California Code of
25 Regulations, title 10, section 260.238, subdivision (a). Overall, from February 2014 through December
26 2015, the Blueprint and Burnell clients in those investments lost millions of dollars.

27 I. In addition, the Examination revealed that Blueprint's records were not prepared in accordance
28 with Generally Accepted Account Principles (GAAP) and contained other deficiencies, such as

1 mischaracterizations of distributions to former partners, comingling of income and expenses with a
2 third party, and no set asides for fees paid in advance. Blueprint and Burnell also failed to maintain
3 executed investment management agreements for all clients. BluePrint and Burnell subsequently
4 remedied these failings at the Department of Business Oversight's request, however it remains that
5 Blueprint and Burnell violated Corporations Code section 25241 and California Code of
6 Regulations, title 10, sections 260.241.2, subdivision (a)(3), and 260.241.3.

7 J. The Examination also revealed that Blueprint had discretionary authority over client funds. As
8 a result, pursuant to California Code of Regulations, title 10, section 260.237.2, subdivision (a),
9 Blueprint was subject to minimum net worth requirements of \$10,000.00. The Commissioner's
10 Examiners calculated Blueprint's net worth monthly from December 2015 through January 2017. In 13
11 of the 14 months, Blueprint did not meet its minimum net worth requirements; in 10 of 14 months it did
12 not even have half of the required amount.

13 K. Blueprint not only failed to meet its minimum net worth requirements consistently, but it also
14 failed to notify the Commissioner of such failure, in violation of California Code of Regulations, title 10,
15 section 260.237.2, subdivision (c), and 260.241.2, subdivision (d).

16 L. The Examination also revealed that Blueprint had not filed its annual reports with the
17 Commissioner since Blueprint's inception in 2014, in violation of California Code of Regulations,
18 title 10, section 260.241.2

19 M. Blueprint and Burnell admit to the jurisdiction of the Department of Business Oversight
20 (Department) and it is the intention of the Parties to resolve this matter without the necessity of a
21 hearing and/or other litigation.

22 N. The Commissioner finds this action is appropriate, in the public interest, and consistent with
23 the purposes fairly intended by the policies and procedures of the CSL.

24 NOW, THEREFORE, for good and valuable consideration, and the terms and conditions set
25 forth herein, the Parties agree as follows:

26 TERMS

27 1. Purpose: This Consent Order resolves the issues before the Commissioner described
28 above in a manner that avoids the expense of a hearing and other possible court proceedings,

1 protects consumers, is in the public interest, and is consistent with the purposes and provisions of the
2 CSL.

3 2. Desist and Refrain Order: Pursuant to Corporations Code section 25532, subdivision (d),
4 Blueprint and Burnell are hereby ordered to desist and refrain from further violations of the CSL
5 including the following: 1) recommending unsuitable investments to clients in violation of
6 Corporations Code section 25238 and California Code of Regulations, title 10, section 260.238,
7 subdivision (a); 2) failing to maintain minimum net worth requirements and reporting of net worth to
8 the Commissioner, in violation of California Code of Regulations, title 10, section 260.237.2,
9 subdivision (c), and 260.241.2, subdivision (d); 3) failing to maintain books and records in violation
10 of Corporations Code section 25241 and California Code of Regulations, title 10, sections
11 260.241.2, subdivision (a)(3), and 260.241.3; and 4) failing to file annual reports, in violation of
12 California Code of Regulations, title 10, section 260.241.2 (Desist and Refrain Order). Blueprint
13 and Burnell agree to desist and refrain from such violations and stipulate to the finality of the
14 Commissioner's Desist and Refrain Order.

15 3. License Revocation: Pursuant to Corporations Code section 25232, subdivision (h), the
16 Commissioner hereby orders the investment adviser certificate of Blueprint (CRD No. 168921) be
17 revoked within 30 calendar days of the Effective Date of this Consent Order if no withdrawal of
18 Blueprint's license has been accepted by the Department by that time (Revocation Order). Blueprint
19 and Burnell agree to this revocation order and stipulate to the finality of this Revocation Order.

20 4. Suspension of Burnell: Pursuant to Corporations Code section 25232.1, the
21 Commissioner hereby orders that Burnell (CRD No. 3260340) be suspended from any position of
22 employment, management or control of any investment adviser, broker-dealer or commodity
23 adviser, and officer, director, partner, employee of, or person performing similar function for, an
24 investment adviser, or any other person for a period of one year commencing on the Effective Date
25 of this Consent Order (Suspension Order). Blueprint and Burnell agree to this Suspension Order and
26 stipulate to the finality of this Suspension Order. Burnell also agrees to file a U5 with FINRA within
27 30 calendar days of the Effective Date of this Consent Order.

28 5. Prohibition Against Investment Adviser Activities: During the one-year period that the

1 suspension order is in effect, Burnell agrees that he will not conduct any investment adviser activity,
2 including, but not limited to, servicing existing clients or accepting any new business.

3 6. Future Registration and Heightened Supervision: Upon expiration of the Suspension
4 Order, should Burnell seek any position of employment of any investment adviser, Burnell agrees to
5 satisfy the qualification requirements of Title 10 of the California Code of Regulations, section
6 260.236, and further agrees that any investment adviser representative (IAR) registration or other
7 application must be submitted by or on behalf of Burnell to the Commissioner. Burnell agrees and
8 understands that the Commissioner's approval, if any, of such IAR registration or application may
9 be granted on a restricted basis, and on the condition that Burnell and Burnell's future investment
10 adviser firm agrees to a period of heightened supervision (Heightened Supervision Period) of at least
11 twenty-four months. During the Heightened Supervision Period, Burnell may serve only as a non-
12 supervisory employee, and not as an owner, manager or control person of the investment adviser,
13 broker-dealer or commodity adviser. In addition, during the Heightened Supervision Period, Burnell
14 agrees not to trade options or leveraged instruments, including exchange traded funds (ETFs).

15 7. Monitoring Period: For the duration of the Suspension Order and Heightened Period
16 (together, Monitoring Period), if the Commissioner finds that Burnell has violated or is violating any
17 provision of the CSL, Consent Order, Desist and Refrain Order, or Suspension Order herein, the
18 Commissioner will provide written notice to Burnell of the alleged violation, and provide Burnell 10
19 calendar days to meet and confer with the Commissioner and to cure the alleged violation. Burnell
20 agrees that if the Commissioner determines, in his sole discretion, that Burnell has failed to cure the
21 alleged violation, the Commissioner may summarily bar Burnell from any position of employment,
22 management or control of any investment adviser, broker-dealer or commodity adviser. Burnell
23 waives all hearing rights to contest the summary bar initiated pursuant to this provision, which may
24 be afforded under the CSL, the California Administrative Procedure Act, the California Code of
25 Civil Procedure, or any other provision of law in connection with these matters.

26 8. Training and Exams: Prior to the end of the Suspension Order period, Burnell agrees to
27 complete training regarding the trading of options and leveraged instruments. In addition, prior to
28 the end of the Monitoring Period, Burnell agrees to complete the Series 4 exam through FINRA if he

1 is eligible to do so under FINRA requirements. Burnell shall submit evidence to the Commissioner
2 of completion of the training and exam.

3 9. Notice to Clients and the Commissioner: Within 20 calendar days from the Effective
4 Date of this Consent Order by the Parties, Burnell and Blueprint shall provide written notification
5 (Notice) to all existing clients detailing the terms of this Consent Order. Such Notice shall describe
6 the process of moving the client accounts to another adviser and the process for the alternative of
7 closing the accounts. The Notice shall be in a form submitted to and approved by the Commissioner
8 and should be emailed to Joanne Ross, Senior Counsel at joanne.ross@dbo.ca.gov, within 10
9 calendar days of the Effective Date of this Consent Order for review and approval. Within 25
10 calendar days of the Effective Date of this Consent Order, Blueprint and Burnell shall file the
11 following with Joanne Ross, Senior Counsel, at joanne.ross@dbo.ca.gov: (1) copies of all written
12 Notices provided to clients; (2) proof of mailing of the Notices to each client via US Mail and
13 Certified Mail, Return Receipt Requested; and (3) a list of all clients receiving the written notice,
14 including the name, address, and telephone number of each client.

15 10. Waiver of Hearing Rights: Blueprint and Burnell acknowledge that the Commissioner is
16 ready, willing, and able to proceed with the filing of an administrative enforcement action on the
17 charges contained in this Consent Order. Blueprint and Burnell hereby waive the right to any
18 hearings, and to any reconsideration, appeal, or other right to review which may be afforded
19 pursuant to the CSL, the California Administrative Procedure Act, the California Code of Civil
20 Procedure, or any other provision of law. Blueprint and Burnell further expressly waive any
21 requirement for the filing of an Accusation pursuant to Government Code section 11415.60,
22 subdivision (b). By waiving such rights, Blueprint and Burnell effectively consent to this Consent
23 Order, Desist and Refrain Order, Revocation Order, and Suspension Order becoming final.

24 11. Full and Final Settlement: The Parties hereby acknowledge and agree that this Consent
25 Order is intended to constitute a full, final, and complete resolution of the violations described herein,
26 and that no further proceedings or actions will be brought by the Commissioner in connection with
27 these matters except under the CSL or any other provision of law, excepting therefrom any
28 proceeding to enforce compliance with the terms of this Consent Order.

1 12. Failure to Comply with Consent Order: Blueprint and Burnell agree that if they fail to
2 meet any requirement of this Consent Order, the Commissioner may, in addition to all other available
3 remedies he may invoke under the CSL, immediately revoke the license of Blueprint and permanently
4 bar Burnell. Blueprint and Burnell hereby waive any notice and hearing rights to contest the
5 immediate revocation and bar which may be afforded under the CSL, the California Administrative
6 Procedure Act, the California Code of Civil Procedure, or any other provision of law in connection
7 therewith.

8 13. Information Willfully Withheld or Misrepresented: This Consent Order may be revoked
9 and the Commissioner may pursue any and all remedies available under law against Blueprint and
10 Burnell if the Commissioner discovers that Blueprint or Burnell knowingly or willfully withheld or
11 misrepresented information used for and relied upon in this Consent Order.

12 14. Future Actions by the Commissioner: If Blueprint and/or Burnell fail to comply with
13 any terms of the Consent Order, the Commissioner may institute proceedings for any and all
14 violations otherwise resolved under this Consent Order. The Commissioner reserves the right to
15 bring any future actions against Blueprint or Burnell, or any of its partners, owners, officers,
16 shareholders, directors, affiliates, employees or successors for any and all unknown violations of the
17 CSL.

18 15. Assisting Other Agencies: Nothing in this Consent Order limits the Commissioner's
19 ability to assist any other government agency (whether city, county, state, or federal) with any
20 administrative, civil or criminal action brought by that agency against Blueprint or Burnell or any
21 other person based upon any of the activities alleged in this matter or otherwise.

22 16. Independent Legal Advice: Each of the Parties represents, warrants, and agrees that it
23 has received or been advised to seek independent legal advice from its attorneys with respect to the
24 advisability of executing this Consent Order.

25 17. Headings: The headings to the paragraphs of this Consent Order are inserted for
26 convenience only and will not be deemed a part hereof or affect the construction or interpretation of
27 the provisions hereof.

28 18. Binding: This Consent Order is binding on all heirs, assigns, and/or successors in interest.

1 19. Reliance: Each of the Parties represents, warrants, and agrees that in executing this
2 Consent Order, it has relied solely on the statements set forth herein and the advice of its own
3 counsel. Each of the Parties further represents, warrants, and agrees that in executing this Consent
4 Order, it has placed no reliance on any statement, representation, or promise of any other Party, or
5 any other person or entity not expressly set forth herein, or upon the failure of any Party or any other
6 person or entity to make any statement, representation or disclosure of anything whatsoever. The
7 Parties have included this clause: (1) to preclude any claim that any Party was in any way
8 fraudulently induced to execute this Consent Order; and (2) to preclude the introduction of parol
9 evidence to vary, interpret, supplement, or contradict the terms of this Consent Order.

10 20. Waiver, Amendments, and Modification: No waiver, amendment, or modification of
11 this Consent Order will be valid or binding unless it is in writing and signed by each of the Parties.
12 The waiver of any provision of this Consent Order will not be deemed a waiver of any other
13 provision. No waiver by either Party of any breach of, or of compliance with, any condition or
14 provision of this Consent Order by the other Party will be considered a waiver of any other condition
15 or provision or of the same condition or provision at another time.

16 21. Full Integration: This Consent Order is the final written expression and the complete
17 and exclusive statement of all the agreements, conditions, promises, representations, and covenant
18 between the Parties with respect to the subject matter hereof, and supersedes all prior or
19 contemporaneous agreements, negotiations, representations, understandings, and discussions
20 between and among the Parties, their respective representatives, and any other person or entity, with
21 respect to the subject matter covered hereby.

22 22. Governing Law: This Consent Order will be governed by and construed in accordance
23 with California law. Each of the Parties hereto consents to the jurisdiction of such court, and hereby
24 irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the
25 maintenance of such action or proceeding in such court.

26 23. Counterparts: This Consent Order may be executed in one or more separate counterparts,
27 each of which when so executed, shall be deemed an original. Such counterparts shall together
28 constitute a single document.

1 24. Effect Upon Future Proceedings: If Blueprint or Burnell apply for any license, permit or
2 qualification under the Commissioner's current or future jurisdiction, or are the subject of any future
3 action by the Commissioner to enforce this Consent Order, then the subject matter hereof shall be
4 admitted for the purpose of such application(s) or enforcement proceedings(s).

5 25. Voluntary Agreement: Blueprint and Burnell enter into this Consent Order voluntarily and
6 without coercion and acknowledges that no promises, threats or assurances have been made by the
7 Commissioner or any officer, or agent thereof, about this Consent Order. The Parties each represent
8 and acknowledge that he, she or it is executing this Consent Order completely voluntarily and without
9 any duress or undue influence of any kind from any source.

10 26. No Presumption Against Drafting Party: Each Party acknowledges that it has had the
11 opportunity to draft, review, and edit the language of this Consent Order. Accordingly, the Parties
12 intend that no presumption for or against the drafting Party will apply in construing any part of this
13 Consent Order. The Parties waive the benefit of Civil Code section 1654 as amended or corresponding
14 provisions of any successor statute, which provide that in cases of uncertainty, language of a contract
15 should be interpreted most strongly against the Party that caused the uncertainty to exist.

16 27. Notice: Any notice required under this Consent Order shall be provided to each Party at
17 the following addresses:

18 To Blueprint or Burnell:

19 Edward S. Zusman, Esq.
20 Markun Zusman Friere & Compton LLP
21 465 California Street, Suite 401
22 San Francisco, CA 94104
23 Ezusman@mzclaw.com

24 To the Commissioner:

25 Joanne Ross, Senior Counsel
26 Department of Business Oversight
27 Enforcement Division
28 1515 K Street, Suite 200
 Sacramento, California 95814
 joanne.ross@dbo.ca.gov

///

1 28. Signatures: A fax or electronic mail signature shall be deemed the same as an original
2 signature.

3 29. Public Record: Blueprint and Burnell hereby acknowledge that this Consent Order will be
4 a matter of public record.

5 30. Effective Date: This Consent Order shall become final and effective when signed by all
6 Parties and delivered by the Commissioner’s counsel by email to Blueprint and Burnell’s counsel at
7 ezusman@mzclaw.com.

8 31. Authority to Sign: Each signator hereto covenants that he/she possesses all necessary
9 capacity and authority to sign and enter into this Consent Order and undertake the obligations set
10 forth herein.

11 Dated: September 18, 2019

MANUEL P. ALVAREZ
Commissioner of Business Oversight

13 By _____
14 MARY ANN SMITH
15 Deputy Commissioner
16 Enforcement Division

18 Dated: September 17, 2019

By _____
19 BLUEPRINT WEALTH PARTNERS, LLC
20 and CORY RYAN BURNELL, In His Personal
Capacity

21 APPROVED AS TO FORM AND CONTENT

23 Dated: September 17, 2019

By _____
24 Edward S. Zusman, Esq.,
25 Markun Zusman Freniere & Compton LLP
26 Counsel for BLUEPRINT WEALTH PARTNERS,
27 LLC and CORY RYAN BURNELL