

1 brochure. The brochure included a chart depicting price performance of wine compared to other items
2 such as gold and oil from 1988 to 2020.

3 7. After making an initial investment, many investors were repeatedly contacted by Charles
4 Winn sales agents and asked to purchase more wines for their portfolio.

5 8. In connection with the offer and sale of these securities, Charles Winn and its agents made
6 material misrepresentations to potential investors, including that investors would receive a projected
7 return of 15 to 40% as a result of the investment. However, investors did not receive the promised
8 return and Charles Winn and its agents failed to disclose the risks associated with the investment and
9 other contingencies or events that needed to occur before the projected return could be realized.

10 9. In connection with the offer and sale of these securities, Charles Winn and its agents made
11 material omissions to potential investors, including failing to disclose that the investors' initial
12 investment of money would be insufficient to generate profits and, instead, that the investors would
13 need to make additional contributions of money to allow Charles Winn to purchase enough wine for
14 investors to realize a profit.

15 Based on the foregoing findings, the Commissioner is of the opinion that the wine portfolio
16 program offered and sold by Charles Winn, LLC are securities subject to qualification under the
17 Corporate Securities Law of 1968 and are being or have been offered or sold without first being
18 qualified in violation of Corporations Code section 25110. Pursuant to Corporations Code section
19 25532, Charles Winn, LLC is hereby ordered to desist and refrain from the further offer and sale in
20 the State of California of securities, including but not limited to investment contracts called a wine
21 portfolio program, unless and until qualification has been made under the law, or unless exempt.

22 In addition, the Commissioner is of the opinion that Charles Winn, LLC offered or sold
23 securities in this State by means of written or oral communications which included an untrue
24 statement of material fact or omitted to state a material fact necessary to make the statements made,
25 in light of the circumstances under which they were made, not misleading, in violation of
26 Corporations Code section 25401. Pursuant to Corporations Code section 25532, Charles Winn, LLC
27 is hereby ordered to desist and refrain from offering or selling or buying or offering to buy any
28 security in the State of California, including but not limited to investment contracts in a wine

1 portfolio program, by means of any written or oral communication which includes an untrue
2 statement of a material fact or omits to state a material fact necessary in order to make the statements
3 made, in light of the circumstances under which they were made, not misleading.

4 Pursuant to Corporations Code section 25403, any person who controls or induces another
5 person to violate a provision of the Corporate Securities Law of 1968, or any person who provides
6 substantial assistance to another person in violation of the Corporate Securities Law of 1968, shall be
7 liable for the violations.

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

10 Dated: October 5, 2021

CHRISTOPHER S. SHULTZ
Acting Commissioner of Financial Protection and Innovation



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12
13 By:

MARY ANN SMITH
Deputy Commissioner
Enforcement Division