

1 CLOTHILDE V. HEWLETT
Commissioner
2 MARY ANN SMITH
Deputy Commissioner
3 DANIEL P. O'DONNELL
Assistant Chief Counsel
4 RYAN M. CASSIDY (State Bar No. 340274)
5 Counsel
6 Department of Financial Protection and Innovation
2101 Arena Boulevard
7 Sacramento, CA 95834
8 Telephone: (916) 764-8358
Attorneys for Complainant

9 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
10 OF THE STATE OF CALIFORNIA

11 In the Matter of:

12 THE COMMISSIONER OF FINANCIAL
13 PROTECTION AND INNOVATION,

14 Complainant,

15 v.

16 LEGENDARY PARTNERS, LLC, SCOTT
17 SNYDER, RALPH MUSCATELLI, and FRED
HORN,

18 Respondents.

NOTICE OF INTENT TO ISSUE ORDER
LEVYING ADMINISTRATIVE
PENALTIES AND STATEMENT IN
SUPPORT PURSUANT TO
CORPORATIONS CODE 25252

19
20 The Commissioner of Financial Protection and Innovation (Commissioner) is informed and
21 believes, and based upon such information and believe, alleges and charges as follows:

22 **I. STATEMENT OF FACTS**

23 1. At all relevant times, Legendary Partners, LLC (Legendary), is and was a Wyoming
24 limited liability company, located at 1720 E Garry Ave, Suite 108 Santa Ana, CA 92705, operating a
25 website, www.legendarypartnersllc.com.

26 2. At all relevant times, Scott Snyder (Snyder) was the managing manager and owner of
27 Legendary. Snyder is a resident of California.

28 ///

1 3. At all relevant times, Ralph L. Muscatelli (Muscatelli) was the managing member and
2 owner of Legendary. Muscatelli is a resident of California.

3 4. From November 30, 2017 to March 4, 2020, Fred Horn (Horn), was an owner and an
4 sales agent of Legendary. Horn is a resident of California.

5 5. Legendary, Snyder, Muscatelli, and Horn are collectively referred to as Respondents.

6 6. The Commissioner issued a Desist and Refrain Order against Muscatelli for violations
7 of Corporation Code 25401 on June 11, 2019. (2019 action). Muscatelli was served with the 2019
8 Action on January 27, 2020. Respondent did not request an administrative hearing. The 2019 Action
9 became final on or about February 27, 2020.

10 7. At all relevant times, Respondents conducted business by email at
11 phil@legendarypartnersllc.com, rm@legendarypartnersllc.com, info@legendarypartnersllc.com, and
12 fred@legendarypartnersllc.com.

13 **Violations of Corporations Code Section 25110**
14 **(Unqualified, Non-Exempt Offer and Sale of Securities)**

15 8. Beginning in or about June 2018 through January 2021, Respondents offered and sold
16 securities in the form of subscription agreements – Investment Contracts – in California, through
17 telephone calls and email correspondence.

18 9. The purported purpose of the securities offering was to raise money from members of
19 the public to produce a reality television show called “Salvage Wars.”

20 10. The securities in Legendary’s “Salvage Wars” television show were offered or sold in
21 this state in issuer transactions. The Department of Financial Protection and Innovation has not issued
22 a permit or other form of qualification authorizing any person to offer or sell these securities in this
23 state and the securities are not exempt from qualification.

24 11. Respondents and their agents sent solicitation materials to prospective investors,
25 including an Offering Memorandum. In Legendry’s Offering Memorandum, dated November 1,
26 2019, Legendary represented it was offering a total of \$500,000 of ownership equity interest in
27 “Salvage Wars,” a television show; that for an investment of \$25,000 per unit, investors would
28 receive a 2.5% ownership equity interest in the television show’s profits; and that the proceeds from

1 the offering were to be used to “produce a Treatment, hire the cast and crew and sell the TV show to
2 a Network with the same vision as ours, who will commit to producing Salvage Wars.”

3 12. Respondents and their agents sold investment contracts to approximately 19 investors,
4 residing in California and elsewhere, in at least 19 separate transactions. Respondents raised at least
5 \$335,250.00 from investors.

6 13. Corporations Code section 25110 prohibits the offer or sale of unqualified, non-
7 exempt securities in issuer transactions in the State of California. The securities offered and sold by
8 Legendary, Snyder, Muscatelli, and Horn are subject to qualification under the CSL. These securities
9 were offered or sold in this state in issuer transactions. The Department has not issued a permit or
10 other form of qualification authorizing any person to offer or sell these securities in this state. The
11 offer or sale of these securities is not exempt.

12 **Violations of Corporations Code Section 25401**

13 **(Misrepresentations and Omissions of Material Facts)**

14 14. Respondents and their agents sent solicitation materials to prospective investors,
15 including an Offering Memorandum. Also, Respondents and their agents solicited investors and
16 prospective investors through telephone calls and email correspondence.

17 15. In connection with the offers and sales of securities, Respondents made, or caused to
18 be made, misrepresentations of material fact to investors and potential investors, including that:

19 a. Legendary had a production office adjacent to Warner Brothers’s Burbank Lot.
20 In fact, this was not true.

21 b. Ralph L. Muscatelli used the name “Richard Meyers”, when corresponding
22 with investors, and did not provide his real name, Ralph L. Muscatelli, which is the name listed on
23 the Desist and Refrain Order issued by the Commissioner of Financial Protection and Innovation in
24 2019; and

25 c. “Phil Banks”, “Bill Miller”, and “Richard Myers” were affiliated with
26 Legendary. In fact, these names were made up.

27 16. In connection with the offers and sales of securities, Respondents made, or caused to
28 be made, omissions of material fact to investors and potential investors, including that:

- 1 a. Scott Snyder was using investor money for his own personal use;
- 2 b. Investors would receive 200-300% returns within three months. In fact, at least
3 one investor has requested a refund, but has been unsuccessful;
- 4 c. Investors would receive 300-400% returns within six months. In fact, at least
5 one investor has requested a refund, but has been unsuccessful;
- 6 d. Promising that if an investor lost their investment, a portion of the money
7 invested would be applied to the “next investment.” If fact, there is no “next investment” and at least
8 one investor has yet to receive shares of another investment. `
- 9 e. Legendary Partners LLC is not a registered in California as a limited liability
10 company;
- 11 f. Legendary Partners LLC was prohibited from using the name “Legendary
12 Partners LLC” in California, because a California registered limited liability company currently is
13 registered with that name in California; and
- 14 g. The Commissioner issued a Desist and Refrain Order against Ralph L.
15 Muscatelli, on June 11 2019, by California Department of Financial Protection and Innovation for
16 violations of Corporations Code section 25401. The action became final on or about February 27,
17 2020.

18 17. Corporations Code section 25401 prohibits the offer or sale of securities in this state
19 by means of written or oral communications that include untrue statements of material fact or omit
20 materials facts necessary in order to make the statements made, in light of the circumstances under
21 which they were made, not misleading. The omissions and misrepresentations of Respondents are
22 material facts necessary in order to make the statements made, in the light of the circumstances under
23 which they were made, not misleading.

24 **Corporations Code Section 25403**

25 **(Inducement or Substantial Assistance in Violation of the CSL)**

26 18. Snyder, Muscatelli, and Horn directly and indirectly exercised day-to-day control over
27 Legendary, and, directly and indirectly, controlled and conducted the securities offering of “Salvage
28

1 Wars” for the stated purpose of raising investor funds to invest in Legendary’s “Salvage Wars”
2 television show.

3 19. Snyder, Muscatelli, and Horn were all owners of Legendary and were “co-producers
4 of the “Salvage Wars” television show.

5 20. The offering memorandum for “Salvage Wars” television show was created and used
6 for the purpose of soliciting investors.

7 21. Also, as stated above, Snyder, Muscatelli, and Horn personally communicated with
8 investors and prospective investors.

9 22. Pursuant to Corporations Code section 25403, any person who controls or induces
10 another person to violate a provision of the CSL, or any person who provides substantial assistance to
11 another person in violation of the CSL, shall be liable for the violations.

12 **II. NOTICE OF INTENT TO ISSUE ORDER LEVYING ADMINISTRATIVE**
13 **PENALTIES**

14 23. The Commissioner re-alleges and incorporates by reference paragraphs 1-17 of this
15 Statement in Support, also contained in the Commissioner’s Desist and Refrain Order, as though fully
16 set forth herein.

17 24. Corporations Code section 25252 authorizes the Commissioner to issue an order
18 levying administrative penalties against any person for willful violations of any provisions of the
19 CSL and any rules promulgated thereunder.

20 25. Based on the foregoing findings, the Commissioner finds that the Respondents offered
21 and sold unqualified, non-exempt securities in an amount of at least \$335,250.00, and made
22 numerous material misrepresentations and omissions of fact, to at least 19 investors, in violation of
23 Corporations Code sections 25110 and 25401.

24 26. Pursuant to Corporations Code section 25252(a), the Commissioner hereby provides
25 notice of intent to levy administrative penalties against Respondents for the statutory amount of not
26 more than one thousand dollars (\$1,000) for the first violation, and not more than two thousand five
27 hundred dollars (\$2,500) for each subsequent violation, or according to proof, for Respondents’
28 repeated willful violations of section 25110 and 25401.

1 WHEREFORE, good cause showing, and pursuant to Corporations Code section 25252, the
2 Commissioner prays for an order levying administrative penalties, individually, jointly and severally,
3 against Respondents, as follows:

4 a. That pursuant to Corporations Code section 25252, the Commissioner levy
5 administrative penalties of \$1,000.00 for the first violation of Corporations Code section 25110 and
6 \$2,500.00 for each subsequent violation, as listed below, for a total amount of \$46,000.00 or
7 according to proof:

- 8 i. First violation: \$1,000.00 for the first sale of a security; and
- 9 ii. Additional violations: \$2,500.00 for the remaining 18 sales of securities.

10 b. That pursuant to Corporations Code section 25252, the Commissioner levy
11 administrative penalties of \$2,500.00 for each violation, as listed below, for a total amount of
12 \$475,000.00, or according to proof:

- 13 i. Additional violations:
 - 14 A. \$2,500.00 for the misrepresentation in paragraph 15a, made in
 - 15 the 19 transactions;
 - 16 B. \$2,500.00 for the misrepresentation in paragraph 15b, made in
 - 17 the 19 transactions;
 - 18 C. \$2,500.00 for the misrepresentation in paragraph 15c, made in
 - 19 the 19 transactions;
 - 20 D. \$2,500.00 for the omission in paragraph 16a, made in the 19
 - 21 transactions;
 - 22 E. \$2,500.00 for the omission in paragraph 16b, made in the 19
 - 23 transactions;
 - 24 F. \$2,500.00 for the omission in paragraph 16c, made in the 19
 - 25 transactions;
 - 26 G. \$2,500.00 for the omission in paragraph 16d, made in the 19
 - 27 transactions;

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

- H. \$2,500.00 for the omission in paragraph 16e, made in the 19 transactions;
- I. \$2,500.00 for the omission in paragraph 16f, made in the 19 transactions; and
- J. \$2,500.00 for the omission in paragraph 16g, made in the 19 transactions.

The total amount of administrative penalties for violations of CSL sections 25110 and 25401 is \$521,000.00, or according to proof.

DATED: April 11, 2023
Sacramento, California

CLOTHILDE V. HEWLETT
Commissioner
Department of Financial Protection and Innovation

By _____
RYAN M. CASSIDY
Counsel
Enforcement Division