1	CLOTHILDE V. HEWLETT	
2	Commissioner	
2	MARY ANN SMITH	
3	Deputy Commissioner	
4	DANIEL P. O'DONNELL Assistant Chief Counsel	
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5	Counsel	
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9	Attorneys for Complainant	
9		
10	BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION	
11	OF THE STATE OF CALIFORNIA	
12	In the Matter of:	
13	THE COMMISSIONER OF FINANCIAL	DESIST AND REFRAIN ORDER;
14	PROTECTION AND INNOVATION,	and
14	Complainant,	
15	V.	NOTICE OF INTENT TO ISSUE ORDER
16	<b>v</b> .	LEVYING ADMINISTRATIVE
	RANDALL E. HUDGENS DBA STOCK	PENALTIES
17	OPTION ACADEMY and STOCK OPTION	(Corp. Code §§ 25532 and 25252)
18	COACH	(Corp. Code §§ 25552 and 25252)
19	Respondent.	
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. <u>FACTUAL BACKGROUND</u>	
23	1. At all relevant times, Randall E. Hudgens (Hudgens), is and was a California resident,	
24	doing business as Stock Option Academy and Stock Option Coach. Hudgens' principal places of	
25	business are 1240 Northridge Road, Santa Barbara, California 93105 and 6796 Rincon Road, Santa	
26	Barbara, California 93013.	
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28	///	
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- 2. At all relevant times, Hudgens is and was operating a public website (www.stockoptioncoach.com) as well as the email address randall@stockoptioncoach.com and the telephone number (805) 837-9211, through which it conducted business.
- 3. Beginning in or about February 4, 2019, Hudgens provided investment advisory services to its clients via personal coaching and mentorship, by advising, as to the value of securities, whether to purchase or sell securities, and the timing in which to purchase or sell securities.
- 4. Beginning in or about February 4, 2019, Hudgens represented to clients that he would teach traders, how to navigate the markets on a daily basis, by instructing his clients whether they are in a "Buy or Sell Zone" via live training and one-on-one telephone calls to answer any questions from his clients. Hudgens' touts that through his "Trademarked Indicator" his clients have 70% odds of a winning trade every time and are only risking a maximum of 1% of the client's account on any one trade. Through Hudgens' "Indicator," it would show clients whether they should buy or sell a security and the timing in which to do so. In addition, Hudgens explicitly indicates that his business is not a newsletter, but rather he is always available to answer trading questions from his clients.
- 5. Between November 2021 through November 2022, provided investment advisory services to at least 30 clients, residing in California and elsewhere, collected at least \$274,839.48 in fees.
- 6. At all relevant times, Hudgens never held a broker-dealer certificate nor an investment adviser certificate, pursuant to Corporations Code sections 25210 and 25230.

## II. <u>DESIST AND REFRAIN ORDER</u>

7. The Commissioner is authorized to administer and enforce the provisions of the Corporate Securities Law of 1968 (Cal. Corp. Code §§ 25000-25707) (CSL) and the regulations promulgated thereunder at title 10 of the California Code of Regulations, which includes the licensure, examination, and regulation of investment advisers.

Based on the foregoing findings, the Commissioner is of the opinion that Hudgens has conducted business as an investment adviser in this state without first securing from the Commissioner a certificate, authorizing them to do so, in violation of Corporations Code section 25230.

Pursuant to California Corporations Code section 25532, Randall E. Hudgens is hereby ordered to desist and refrain from acting as an investment adviser in the State of California unless and until he has first applied for and secured from the Commissioner a certificate, authorizing them to act as an investment adviser, or unless exempt.

## III. NOTICE OF INTENT TO ISSUE ORDER LEVYING ADMINISTRATIVE PENALTIES

Corporations Code section 25252 authorizes the Commissioner to levy administrative penalties against any person subject to the Corporate Securities Law of 1968 for willful violations of any provisions of the CSL, including section 25230.

The Department finds that Randall E. Hudgens willfully violated the CSL by conducting business as an investment adviser in this state without first securing from the Commissioner a certificate, then in effect, authorizing them to do so or unless they are exempt, in violation of Corporations Code section 25230.

Pursuant to California Corporations Code section 25252(b), the Commissioner hereby provides notice of intent to levy administrative penalties against Randall E. Hudgens for the statutory amount of not more than five thousand dollars (\$5,000.00) for the first violation, not more than ten thousand dollars (\$10,000.00) for the second violation, and not more than fifteen thousand dollars (\$15,000.00) for each subsequent violation, or according to proof, for Randall E. Hudgens willful violations of section 25230.

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

By:

DATED: March 29, 2023 Sacramento, California CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation



MARY ANN SMITH
Deputy Commissioner
Enforcement Division

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