1 2 3 4 5 6 7 8	CLOTHILDE V. HEWLETT Commissioner MARY ANN SMITH Deputy Commissioner DANIEL P. O'DONNELL Assistant Chief Counsel RYAN M. CASSIDY (State Bar No. 340274) Counsel Department of Financial Protection and Innovati 2101 Arena Boulevard Sacramento, CA 95834 Telephone: (916) 764-8358 Attorneys for the Complainant	on	
9	BEFORE THE DEPARTMENT OF FINA	NCIAL PROTECTION AND INNOVATION	
10 11	OF THE STATE OF CALIFORNIA		
12	In the Matter of:		
13 14	THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION,	NOTICE OF INTENT TO ISSUE ORDER LEVYING ADMINISTRATIVE PENALTIES AND STATEMENT IN SUPPORT PURSUANT TO CORPORATIONS CODE	
15	Complainant, v.	SECTION 25252	
16 17 18 19	INTELA-PAC, INC., also known as IPAK; IV PLUS, INC.; THE NETHERLAND TEA COMPANY LTD.; AGRO AMERICA; LARRY YNFANTE, KELLI D. AUSTIN, and JESSE DE CASTRO,		
20	Respondents.		
21	The Commissioner of Financial Protection	n and Innovation (Commissioner) is informed and	
22	believes, and based upon such information and b	elieve, alleges and charges as follows:	
23	I. STATE	MENT OF FACTS	
24	1. At all relevant times, Larry Ynfar	te (Ynfante) is and was a California resident, using	
25	the address 4001 Mount Barnard Avenue, San D	iego, California 92131.	
26	2. At all relevant times, Kelli D. Au	stin (Austin) is and was a Texas resident, address	
27	unknown.		
28	///		
ŀ	NOTICE OF INTENT TO ISSUE ORDER LE	-1- VYING ADMINISTRATIVE PENALTIES	
	AND STATEMENT IN SUPPORT		

1

2

3

4

5

3. At all relevant times, Jesse De Castro (De Castro) is and was a California resident, using the address 3513 Sara Drive, Torrance, California 90503.

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

4. Beginning sometime at least in 2011, Larry Ynfante, Kelli Austin, and Jesse De Castro (collectively referred to as Respondents) offered and sold securities in the form of convertible promissory notes – investment contracts – in California.

5. The purported purpose of the securities offerings were to raise money from members of the public to operate various businesses Respondents claimed they owned and/or controlled, namely Intela-PAC, Inc., IV Plus, Inc., The Netherland Tea Company Ltd., and Agro America. Ynfante represented himself as the President, Austin identified herself as the Secretary and an officer, and De Castro held himself out as the Sales Manager and authorized agent of Intela-PAC, Inc. and IV Plus, Inc.. Respondents also represented that these entities operated out of 3540 W. Sahara Ave., Suite 101 Las Vegas, Nevada 89102.

6. The securities were offered or sold in this state in issuer transactions. The Department of Financial Protection and Innovation has not issued a permit or other form of qualification authorizing any person to offer or sell these securities in this state. The offer or sale of these securities is not exempt.

7. Respondents and their agents sold securities to at least 12 investors, mainly senior citizens, many of them unaccredited, residing in California and elsewhere, in at least 123 separate transactions. Respondents raised at least \$233,339.00 from investors.

8. Corporations Code section 25110 prohibits the offer or sale of unqualified, nonexempt securities in issuer transactions in the State of California. The securities offered and sold by the Respondents are subject to qualification under the CSL. These securities were offered or sold in this state in issuer transactions. The Department has not issued a permit or other form of qualification authorizing any person to offer or sell these securities in this state. The offer or sale of these securities is not exempt.

28 ///

23

24

25

26

27

1	<b>Violations of Corporations Code Section 25401</b>		
2	(Misrepresentations and Omissions of Material Facts)		
3	9. In connection with the offers and sales of securities, Respondents made, or caused to		
4	be made, misrepresentations of material fact to investors and potential investors, including that:		
5	a. Money invested in Intela-PAC, Inc., IV Plus, Inc., The Netherland Tea		
6	Company Ltd., and Agro America would be used by those companies to generate profits for their		
7	investors;		
8	b. The purported purpose of the securities offering in Intela-PAC, Inc. and IV		
9	9 Plus, Inc., were to raise money from members of the public to operate a business selling film-based		
10	) flexible pouch packaging that can be used to store and transport beverages;		
11	c. The purported purpose of the securities offering in The Netherland Tea		
12	Company Ltd. was to raise money from members of the public to operate a business selling tea;		
13	d. The purported purpose of the securities offering in Agro America was to raise		
14	4 money from members of the public to operate a business selling cannabis;		
15	e. Their convertible promissory notes could be converted into stock into the		
16	various business entities;		
17	f. Intela-PAC, Inc. and IV Plus, Inc. were going to become public companies,		
18	and they had in fact gone public and were listed on the New York Stock Exchange;		
19	g. Intela-PAC, Inc. and IV Plus, Inc. had more than 3,000 investors, and that		
20	2 Larry Ynfante had taken more than 10 companies public before;		
21	h. Intela-PAC, Inc. and IV Plus, Inc. had a business relationship with the		
22	2 California State Prison System; and		
23	i. A 2015 Desist and Refrain Order <sup>1</sup> against the company had been "lifted" by		
24	the California Department of Financial Protection and Innovation.		
25			
26	<sup>1</sup> The Commissioner issued a Desist and Petrain order against Intels PAC. Inc. and Lerry Vafente for violations of		
27	<sup>1</sup> The Commissioner issued a Desist and Refrain order against Intela-PAC, Inc. and Larry Ynfante for violations of Corporations Code 25110 and 25401 on November 6, 2015 ("2015 Action"). Intela-PAC, Inc. and Larry Ynfante were gerund with the 2015 action on November 12, 2015. Respondents did not request an administrative hearing. The 2015		
28	served with the 2015 action on November 12, 2015. Respondents did not request an administrative hearing. The 2015 Action become final on or about December 12, 2015. The Department has never rescinded or otherwise repealed this Order and it remains in effect.		
	-3-		

NOTICE OF INTENT TO ISSUE ORDER LEVYING ADMINISTRATIVE PENALTIES AND STATEMENT IN SUPPORT

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

a.

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

Respondents failed to disclose the 2015 Action to various investors; and

b. Respondents failed to disclose that Intela-PAC, Inc., IV Plus, Inc., The Netherland Tea Company Ltd., and Agro America were never legally incorporated anywhere.

From 2016 through 2022, Respondents continued to lull, comfort, and deceive its investors. Respondents repeatedly told investors that they would issue stock certificates. However, they never delivered any certificates to investors; instead, Respondents blamed the delays on outside service providers, United States Postal Service, FedEx, government agencies, federal court hearings, special masters, gag orders, weather damages, theft, New York riots, COVID, or that east coast investors were required to receive their stock certificates first. Respondents also continued to misrepresent that these companies were public and listed on a stock exchange; but claimed they could not disclose the stock symbols for privacy concerns, or because they were under a "gag order." In fact, these statements were designed to keep current investors from complaining while they solicited new investors.

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

## **Corporations Code Section 25403**

## (Inducement or Substantial Assistance in Violation of the CSL)

12. Larry Ynfante and Kelli D. Austin, directly and indirectly exercised day-to-day control over Intela-PAC, Inc., IV Plus, Inc., The Netherland Tea Company Ltd., and Agro America, and, directly and indirectly, controlled and conducted the securities offering of Intela-PAC, Inc., IV Plus, Inc., The Netherland Tea Company Ltd., and Agro America for the stated purpose of soliciting investor funds.

-4-

NOTICE OF INTENT TO ISSUE ORDER LEVYING ADMINISTRATIVE PENALTIES AND STATEMENT IN SUPPORT

- 13.The "Executive Summary" and "Product Materials" flyer for Intela-PAC, Inc and, IVPlus, Inc were created and used for the purpose of soliciting investors.
- 14. Also, as stated above, Larry Ynfante, Kelli D. Austin, and Jesse De Castro personally communicated with investors and prospective investors.

15. Jesse De Castro provided substantial assistance to the other Respondents by soliciting prospective investors of Intela-PAC, Inc. and IV Plus, Inc. Furthermore, Jesse De Castro provided additional substantial assistance by lulling and deceive the investors by relaying statements made by Larry Ynfante and Kelli D. Austin and by telling investors that their certificates were in the mail, when it fact none of the Respondents were real companies.

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

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

17. The Commissioner re-alleges and incorporates by reference paragraphs 1 to 11 of this Statement in Support, also contained in the Commissioner's Desist and Refrain Order, as though fully set forth herein.

18. Corporations Code section 25252 authorizes the Commissioner to issue an order levying administrative penalties against any person for willful violations of any provision of this division.

19. Based on the foregoing findings, the Commissioner finds that the Respondents offered and sold unqualified, non-exempt securities in an amount of at least \$233,339.00, and made numerous material misrepresentations and omissions of fact, to at least 12 investors, in at least 123 transactions, in violation of Corporations Code sections 25110 and 25401.

25 20. Pursuant to Corporations Code section 25252(a), the Commissioner hereby provides
26 notice of intent to levy administrative penalties against Respondents for the statutory amount of not
27 more than one thousand dollars (\$1,000) for the first violation, and not more than two thousand five
28 ///

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

hundred dollars (\$2,500) for each subsequent violation, or according to proof, for Respondents'
 repeated willful violations of section 25110 and 25401.

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

a. That pursuant to Corporations Code section 25252, the Commissioner levy administrative penalties of \$1,000.00 for the first violation of Corporations Code section 25110 and \$2,500.00 for each subsequent violation, as listed below, for a total amount of \$273,500.00 or according to proof:

i. First violation: \$1,000.00 for the first sale of a security; and

ii. Additional violations: \$2,500.00 for the remaining 109 sales of securities.
b. That pursuant to Corporations Code section 25252, the Commissioner levy administrative penalties of \$2,500.00 for each violation, as listed below, for a total amount of \$2,357,500.00, or according to proof:

i. Additional violations:

- A. \$2,500.00 for the misrepresentation in paragraph 9a, made in the 123 remaining transactions;
- B. \$2,500.00 for the misrepresentation in paragraph 9b, made in 119 transactions;
- C. \$2,500.00 for the misrepresentation in paragraph 9c, made in 2 transactions;
- D. \$2,500.00 for the misrepresentation in paragraph 9d, made in 2 transactions;
- E. \$2,500.00 for the misrepresentation in paragraph 9e, made in 123 transactions;
- F. \$2,500.00 for the misrepresentation in paragraph 9f, made in 110 transactions;

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

1	G. \$2,500.00 for the misrepresentation in paragraph 9g, made in 2	
2	transactions;	
3	H. \$2,500.00 for the misrepresentation in paragraph 9h, made in 119	
4	transactions;	
5	I. \$2,500.00 for the misrepresentation in paragraph 9i, made in 110	
6	transactions;	
7	J. \$2,500.00 for the omission in paragraph 10a, made in 110 transactions;	
8	and	
9	K. \$2,500.00 for the omission in paragraph 10b, made in the 123	
10	transactions.	
11	The total amount of administrative penalties for violations of CSL sections 25110 and 25401 is	
12	2 \$2,631,000.00, or according to proof.	
13	Dated: April 12, 2023 CLOTHILDE V. HEWLETT	
14	Sacramento, California Commissioner of Financial Protection and Innovation	
15	By	
16	RYAN M. CASSIDY	
17	Counsel Enforcement Division	
18		
19		
20		
21		
22 23		
23		
25		
26		
27		
28		
	-7-	
	NOTICE OF INTENT TO ISSUE ORDER LEVYING ADMINISTRATIVE PENALTIES AND STATEMENT IN SUPPORT	

State of California - Department of Financial Protection and Innovation