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**STATE OF CALIFORNIA
BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION**

TO: Bobby Ritter
BaySierra Mortgage Fund, LLC
1410 Neotomas Avenue, #106
Santa Rosa California 95405

DESIST AND REFRAIN ORDER

(For violations of sections 25110 and 25401 of the Corporations Code)

The Commissioner of Financial Protection and Innovation, head of the Department of Financial Protection and Innovation, finds that:

1. BaySierra Mortgage Fund, LLC (BMF or Old Fund) is, or was, a California limited liability company with a registered place of business located at 1410 Neotomas Avenue, #106, Santa Rosa California. According to the California Secretary of State records, BaySierra Mortgage Fund, LLC is a private placement mortgage fund that invests in loans secured by first and second deeds of trust on real property.

2. BaySierra Capital Fund, LLC (BCF) is, or was, a California limited liability company with a registered place of business located at 1410 Neotomas Avenue, #106, Santa Rosa California. BCF purportedly originates or invests in loans secured by first-priority deeds of trust encumbering primarily California real estate.

3. In or about June 2015, Old Fund dissolved, and its shares were transferred to BCF.

4. BaySierra Financial Fund, Inc. is, or was, a California corporation and a mortgage investment management company with a registered place of business located at 1410 Neotomas Avenue, #106, Santa Rosa California. BaySierra Financial Fund (hereafter “Manager”) is, or was, the manager of Old Fund and BCF.

5. Bobby Ritter (Ritter) is, or was, the president of BCF and chief executive officer, president, and director of Manager. Ritter is also a “control” person of BCF as that term is defined by Corporations Code section 160.

6. Stacey Robles (Robles) is, or was, the chief executive officer, director, and secretary

1 of Manager.

2 7. On or about October 15, 2002, the Commissioner issued a permit qualifying Old Fund
3 to offer, sell and issue securities in the form of membership interests in Old Fund pursuant to
4 Corporates Code section 25111(1)(b).¹ In accordance with section 25114, every qualification is
5 effective for 12 months from its effective date, unless the Commissioner by order or rule specifies a
6 different period, or a stop order revoking or suspending the permit issued pursuant to sections 25140
7 (a) and 25143 is in effect.

8 8. The permit was issued under a limited offering qualification authorizing 1) that the
9 offer and sale of Old Fund's securities be only to investors with (a) a net worth (exclusive of home,
10 furnishings and automobiles) of at least \$250,000 and an annual gross income of at least \$65,000; or
11 (b) a net worth (exclusive of home, furnishings and automobiles) of at least \$500,000; and 2) that the
12 amount of each investor's investment in units must not exceed 10% of such investor's net worth
13 (exclusive of home, furnishings and automobiles).

14 9. As part of the permit process, Respondents submitted an Offering Circular and
15 Operating Agreement to the Commissioner describing BMF's proposed plan of business and
16 proposed issuance of securities and demonstrating that Respondents' proposed plan of business was
17 fair, just and equitable, or that the Respondents did not intend to transact their business unfairly and
18 dishonestly, or that the securities proposed to be issued or the method to be used in issuing them
19 would not tend to work a fraud upon the purchaser in violation of section 25140(a)(1).

20 10. On March 23, 2020, the Commissioner commenced a regulatory desk examination of
21 Old Fund (2020 Examination). The 2020 Examination revealed that during June 17, 2009, through
22 August 12, 2009, BMF offered and sold securities in the form of membership interests in Old Fund to
23 at least 79 investors, raising at least \$28,660.30. Old Fund's member portfolios show that 79
24 investors reinvested their earned profits in Old Fund at least 157 times for a total amount of
25 \$28,660.30.

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¹ Unless otherwise stated all further references are to the Corporations Code.

1 11. Under Corporations Code section 25017(a), “Sale” or “sell” of securities includes
2 “every contract of sale of, contract to sell, or disposition of, a security or interest in a security for
3 value. “Sale” or “sell” includes any exchange of securities and any change in the rights, preferences,
4 privileges, or restrictions of or on outstanding securities.”

5 12. The Commissioner finds that investors’ reinvested earnings constitute new sales of
6 securities which require qualification unless exempt, pursuant to section 25017(a) and the California
7 Code of Regulations, title 10, Rule 260.017(b).

8 13. The purported purpose of the investments was to raise capital from investors that
9 would advance Old Fund’s business of investing in loans secured by first and second deeds of trust
10 on real property.

11 14. These securities were offered or sold in this state in issuer transactions. The
12 Department of Financial Protection and Innovation did not issue a permit or other form of
13 qualification authorizing any person to offer or sell the above-described securities, in this state and
14 the securities were not exempt during the period of June 17, 2009, through August 12, 2009.

15 15. In connection with the offer or sale of these securities, Ritter and Old Fund, made
16 untrue statements of material facts or omitted to state material facts including as follows:

17 i. Ritter and Old Fund omitted to include the requirement for suitability
18 standards in the subscription agreements provided to investors or inform investors that the amount of
19 each investor’s investment in membership interests must not exceed 10% of investor's net worth
20 (exclusive of home, furnishings and automobiles).

21 ii. Ritter and Old Fund made misleading statements or untrue statements
22 of material facts in the offering circular, operating agreement, and electronic mails filed with the
23 Commissioner, in violation of Corporations Code section 25166.

24 iii. Ritter and Old Fund failed to disclose to investors their distributive
25 share of profits and management fees in member portfolios as stated in Old Fund’s subscription
26 agreement and offering circular submitted to the Commissioner.
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1 iv. Ritter and Old Fund reported investors’ rollover subscriptions from Old
2 Fund to BCF as disbursements of cash from payoff of loans or sales of real estate owned by the
3 Mortgage Fund, when, in fact, they were rollover subscriptions, not disbursements of cash.

4 v. Ritter and Old Fund reported investors’ withdrawals of their
5 investments as “sold shares” in the Member Portfolios, when, in fact they were rollover subscriptions.

6 vi. Ritter and Old Fund reported impaired loan losses as “fees” in Member
7 Portfolios, when in fact such “fees” were not authorized in the Operating Agreement or Offering
8 Circular.

9 vii. Ritter and Old Fund deducted unauthorized excess impaired loan losses
10 totaling \$2,556,570.01 from the members’ capital accounts.

11 16. Corporations Code section 25532, in pertinent part, states:

12 (a) If, in the opinion of the commissioner, (1) the sale of a security
13 is subject to qualification under this law and it is being or has been
14 offered or sold without first being qualified, the commissioner may
15 order the issuer or offeror of the security to desist and refrain from the
16 further offer or sale of the security until qualification has been made
17 under this law

18 (c) If, in the opinion of the commissioner, a person has violated or is
19 violating Section 25401, the commissioner may order that person to
20 desist and refrain from the violation.

21 17. Based on the foregoing findings of fact as set forth fully above in paragraphs 1 – 16,
22 the Commissioner is of the opinion that the earned profits or stock dividends investors reinvested in
23 Old Fund are securities subject to qualification under the Corporate Securities Law and are being or
24 have been offered and sold without being qualified, in violation of section 25110.

25 18. Further, the Commissioner is of the opinion that the securities offered by Ritter and
26 Old Fund were offered in this state by means of written or oral communications that included untrue
27 statements of material fact or omitted to state material facts necessary in order to make the statements
28 made, in the light of the circumstances under which they were made, not misleading, in violation of
section 25401.

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1 IT IS HEREBY ORDERED EFFECTIVE IMMEDIATELY THAT:

2 A) Pursuant to Corporations Code section 25532, Bobby Ritter and BaySierra
3 Mortgage Fund, LLC desist and refrain from the further offer or sale in the State of California of
4 securities, including but not limited to, the reinvested stock dividends of BMG as stated above, unless
5 and until qualification has been made under this law or unless exempt.

6 B) Pursuant to Corporations Code section 25532, Bobby Ritter and BaySierra
7 Mortgage Fund, LLC desist and refrain from offering or selling or buying or offering to buy any
8 security in the State of California, including but not limited to stock dividends in BMF, by means of
9 any written or oral communication which includes an untrue statement of a material fact or omits to
10 state a material fact necessary in order to make the statements made, in the light of the circumstances
11 under which they were made, not misleading.

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

14 Dated: November 21, 2023
15 Sacramento, California

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation



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17 By _____
18 MARY ANN SMITH
19 Deputy Commissioner
20 Enforcement Division
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