DEPARTMENT OF CORPORATIONS
Supporting a Fair and Secure Financial Services Marketplace for all Californians

Jan Lynn Owen
California Corporations Commissioner

MEDIA RELEASE – UPDATED*

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California Department of Corporations Obtains $17.86 Million Judgment For Defrauded Investors

Sacramento, January 25, 2013 — The California Department of Corporations has obtained a final judgment and permanent injunction in Los Angeles Superior Court against CanAm Capital Corp. and its investment funds (referred to as the Entity Defendants here) and three principals, Jay Jordan Barnhardt, Aaron Kane Barnhardt and Kelly Keith Morgan. The Department had previously found that the defendants had committed violations of securities laws that resulted in investors being defrauded of at least $15 million. The Department issued a Desist and Refrain Order and filed a complaint alleging those violations. The Court had previously granted the Department's request for a temporary restraining order, a freeze of the defendant's assets, and appointment of a receiver before approving this settlement.

Without admitting or denying any material allegation of the Complaint, all defendants have consented to the entry of the final Judgment .That judgment orders restitution by the Entity Defendants of $17.86 million to the investors the Department found were defrauded. All of the defendants agreed to the issuance of a permanent injunction enjoining all of them, their agents, employees, attorneys in fact and all persons acting in concert or participating with them, directly or indirectly, from violating California's securities laws and a 2009 Desist and Refrain order issued by the Department.

"The Department of Corporations enforces financial laws to protect Californians from investment scams such as those perpetrated by CanAm," said Commissioner Jan Lynn Owen. "This judgment on behalf of defrauded investors brings the violators to justice and makes our financial services marketplace safer and more secure."

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The defendants raised more than $17 million from investors through unsolicited cold calls. While investing very little in start-up companies as promised, defendants instead used it to fund a luxury lifestyle that included a mansion by Beverly Hills decorated with rare artwork, antique furniture and fixtures, Persian rugs, crystal chandeliers, custom "hotrod" cars, Harley Davidson motorcycles, and a Ferrari and Porcshe 911. Despite a prior desist and refrain order issued by the Commissioner, the defendants continued living off investor money and diverting hundreds of thousands of investor dollars to a pension plan.

The permanent injunction follows a Temporary Restraining Order granting the Department's request for an injunction, an asset freeze, and appointment of a receiver against CanAm Capital Corp. in January 2011.

In addition to the defendants named above, the judgment is effective against companies controlled by one or any combination of the individuals, to include CanAm Capital Corp., Premier Equity Fund, LLC, Premier Equity Fund II, LLC, Premier Equity Fund III, LLC, Premier Equity Fund IV, LLC, and Premier Equity Fund V, LLC.

The judgment and supporting documents may be viewed at http://www.corp.ca.gov/ENF/list/c/CanAmCorp.asp.

The Department of Corporations is California's investment and financing authority. Consumers should contact the Department to check on the status of the companies, investments or other services they are considering and the licensing status of individuals at the Department's toll-free Consumer Services Office at 1-866-ASK-CORP (1-866-275-2677) or at www.corp.ca.gov.

* Original release issued November 6, 2012

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