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STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION & HOUSING
DEPARTMENT OF CORPORATIONS

TO: S3 Partners, LLC
Michael Sims
Sam S. Stafford
Rusty Shields
Golden Crest Wealth Management, LLC
Golden Crest Affiliate Services, LLC
Alaris Development, LLC
Stagecoach Retail, LLC
Oakmont, LLC
Centra Palm Court, LLC
Sonterra Retail Center, LLC
Marengo Ranch Retail Center, LLC

1625 The Alameda, Ste. 201
San Jose, CA 95126
and
2401 HWY 70 SW
Hickory, NC 28602
and
1438 Bloomingdale Ave.
Valrico, FL 33594
and
5126 Stevens Creek Blvd., Suite 50
San Jose, CA 95129
and
2225 E. Bayshore Rd, Ste. 200
Palo Alto, CA 94303

DESIST AND REFRAIN ORDER
(For violations of sections 25110, 25210 and 25401 of the Corporations Code)

The California Corporations Commissioner (“Commissioner”) finds that:
1. S3 Partners, LLC (hereinafter “S3” or “S3 Partners”) was a Nevada Limited Liability Company until it was dissolved on October 16, 2008. The name S3 refers to the three partners in the company, all of whose surnames begin with the letter “S”: Michael Sims, Sam S. Stafford, and Rusty

1 Shields. S3 has three different business addresses listed on its website: 1625 The Alameda, Ste. 201,
2 San Jose, CA 95126, and 2401 HWY 70 SW, Hickory, NC 28602, and 1438 Bloomingdale Ave.,
3 Valrico, FL 33594. The Commissioner is informed and believes that at some point in time, each
4 address was associated with one or more of the partners.

5 2. Michael Sims (or “Sims”) is a natural person and a resident of the State of California. He was
6 a partner in S3. He is also a principal in several other companies, including Golden Crest Wealth
7 Management, LLC, Golden Crest Affiliate Services, LLC, Eagle Crest Investment Properties, and
8 others. He is licensed to sell insurance in the State of California: license number 0C50384. In 1978,
9 Michael Sims’ real estate license was indefinitely suspended by the California Department of Real
10 Estate.

11 3. Sam Stafford (or “Stafford”) is a natural person, currently believed to be a resident of the
12 State of California. He was a partner in S3 and is listed as a manager of S3 on the Nevada Secretary
13 of State’s website. He is a principal and manager of Alaris Development, LLC (“Alaris”), a Nevada
14 limited liability company, that claims, on its website, www.alarisdevelopment.com, to be “a member
15 of the S3 Partners family of companies,” specializing in offering real estate investment opportunities
16 to investors.

17 4. Rusty Shields (or “Shields”) is a natural person, currently believed to be a resident of North
18 Carolina or Florida. He was a partner in S3. He is currently listed as the principal of Pinnacle
19 Property Solutions on its website <http://pps-reo.com>.

20 5. Golden Crest Wealth Management, LLC (or “Golden Crest Wealth”) is a Nevada Limited
21 Liability Company. S3 is listed as the manager on the Nevada Secretary of State’s website. Michael
22 Sims is listed as its Chief Operating Officer.

23 6. Golden Crest Affiliate Services, LLC (or “Golden Crest Affiliate”) is a California limited
24 liability company. Michael Sims is the registered agent for service.

25 7. Alaris Development LLC (or “Alaris”) is a Nevada limited liability company. Stafford is
26 listed as its manager.

27 8. Stagecoach Retail, LLC is an Arizona limited liability company.

28 9. Oakmont, LLC, is a Florida limited liability company.

- 1 10. Centra Palm Court, LLC is a Nevada limited liability company.
- 2 11. Sonterra Retail Center, LLC is a Texas limited liability company.
- 3 12. Marengo Ranch Retail Center, LLC is an association with an unknown domicile.
- 4 13. All of the aforementioned companies and individuals, at one point or another, were associated
5 with the following addresses:
- 6 1625 The Alameda, Ste. 201, San Jose, CA 95126;
- 7 2401 HWY 70 SW, Hickory, NC 28602;
- 8 1438 Bloomingdale Ave., Valrico, FL 33594;
- 9 5126 Stevens Creek Blvd., Suite 50; San Jose, CA 95129;
- 10 2225 E. Bayshore Rd, Ste. 200; Palo Alto, CA 94303; and
- 11 18525 Sutter Blvd., Ste. 260, Morgan Hill, CA 95037.
- 12 14. In February 2007, Sims, Stafford, and Shields formed S3 Partners, primarily for the purpose
13 of seeking investment capital from individual investors, which would enable S3 to initially fund
14 several separate real estate venture companies structured as limited liability companies (identified in
15 paragraphs 8 to 12 above).
- 16 15. Through direct solicitation, internet solicitation, word of mouth, referrals and other forms of
17 general solicitation, including “free lunch” and “free dinner” seminars, S3, Sims, Stafford, and
18 Shields, jointly and individually, offered and sold securities in the form of interests in limited liability
19 companies to investors in the State of California. Some of the LLCs created by S3, Sims, Stafford,
20 and Shields, in which interests were offered and sold, include: Stagecoach Retail, LLC, Oakmont,
21 LLC, Centra Palm Court, LLC, Sonterra Retail Center, LLC, Marengo Ranch Retail Center, LLC,
22 and others.
- 23 16. Golden Crest Wealth, Golden Crest Affiliate, and Alaris were also involved in the offer and
24 sale of securities as each of these companies are alter egos of Sims, Stafford, and/or Shields and each
25 referred potential investors, remained associated with S3, Sims, Stafford, and Shields, accepted the
26 proceeds of S3’s offer and sale of securities in the State of California, and added undeserved
27 credibility to the S3 enterprise.
- 28 17. The marketing and sales of these securities were intentionally targeted towards senior citizens.

1 18. S3, Sims, Stafford, and Shields used aggressive tactics to convince mostly elderly investors to
2 free up investment dollars for S3's various LLC ventures. For instance, investors were urged to
3 invest individual retirement account monies (IRA funds) by removing monies from managed IRA
4 accounts held by reputable investment firms (which would typically not invest in S3's ventures due to
5 prior approval and fiduciary requirements), and placing those funds in self-directed IRA accounts
6 which would allow the investor to put their money with S3. Investors were urged to take all the
7 equity out of their homes by refinancing their homes to take out equity as cash to be invested with the
8 S3 group. They were then urged to take a second mortgage to allow them to make payments on the
9 first mortgage, ostensibly so that the investors' monthly cash flow would continue to be the same.
10 Investors would then have additional monies to invest with S3, although their homes would then be at
11 risk. Investors were promised large enough returns on their investments in a short enough period of
12 time that this two mortgage plan seemed reasonable.

13 14. The interests in these LLCs offered and sold in the State of California by S3, Sims, Stafford,
14 Shields and their related companies are securities.

15 15. The California Department of Corporations has not issued any permit, license or other form of
16 authorization, approval or qualification to any person that would allow the offer and sale of these
17 securities, (i.e., the interests in the limited liability companies identified above) in the State of
18 California.

19 16. Neither S3 Partners, Sims, Stafford, Shields, Golden Crest Wealth, Golden Crest Affiliate, nor
20 Alaris had applied for or secured from the California Corporations Commissioner the certificate
21 required to induce the purchase or sale of securities or otherwise operate in the capacity of a
22 securities broker-dealer in the State of California at the time of the offer and sale of the securities
23 referred to above, nor were any of those persons exempt from such licensing requirements at the
24 time.

25 17. In connection with these offers and sales of securities, S3, Sims, Stafford, and Shields made
26 the following misrepresentations and material omissions:

27 a. S3, Sims, Stafford and Shields claim, both in brochures and on S3's website, that
28 charitable giving is an important part of their mission:

1 “Two of our companies produce financial resources as charitable businesses, which are non-
2 profit entities that, by charter, re-invest 100% of profits into the communities in which they do
3 business, as well as assisting international mission and relief efforts. These charitable
4 businesses include **Crown Business Centers**, leasing and managing office space to local
5 businesses and ministries, and **The Hungry Planet**, a chain of international cafés offering
6 casual dining fare. Crown Business Centers and Hungry Planet, each invest 50% of all profits
7 in the communities in which they operate, with local leaders helping guide the funds to local
8 causes where the monies can be used most effectively. The other 50% of profits from these
9 businesses is divided equally between an emergency disaster fund that may be spent anywhere
10 in the world, and a second fund that supports global missions. In every case, we seek the
11 greatest possible favorable impact on those who are in the greatest need, without regard to
12 their religious or political affiliation.”

9 In addition, both in brochures and on the internet, photos of Hungry Planet restaurants are
10 used to add credibility to the charitable giving claims.

11 The Commissioner is informed and believes that these companies make no or insignificant
12 contributions to charity, that the photos of the restaurants may be faked, and that these charitable
13 companies do not “produce financial resources,” or do not produce financial resources of sufficient
14 value to warrant the previous statements.

15 b. Notwithstanding the fact that all of S3 Partners’ business deals were directly involved
16 with real estate, S3, Sims, Stafford, and Shields failed to disclose that the California Department of
17 Real Estate indefinitely suspended Sims’ real estate license.

18 c. S3, Sims, Stafford, and Shields represented the investment in Oakmont, LLC, and
19 others, as a short-term investment, but the target dates for return on investment (if any return at all)
20 have been materially longer than promised;

21 d. S3, Sims, Stafford, and Shields represented that the Marengo Ranch Retail Center,
22 LLC investors would receive the return of their money if the required funds were not raised, however
23 the project did not go forward and the investment dollars were not returned.

24 e. S3, Sims, Stafford, and Shields misrepresented the risk inherent in all of the securities
25 offerings offered and sold by S3, by misrepresenting their experience, expertise, and abilities, by
26 misrepresenting the quality and value of the securities, by misrepresenting the quality of the
27 underlying real estate, by misrepresenting the level of involvement and the amount of information the
28 investors would be given post-investment, and/or by misrepresenting the planned (or actual) use of

1 the investors' monies.

2 Based upon the foregoing findings, the California Corporations Commissioner is of the
3 opinion that the interests in the limited liability companies offered and sold in the State of California
4 constitute securities, which are subject to qualification under the Corporate Securities Law of 1968,
5 and that these securities have been and are being offered and sold without being qualified or exempt
6 in violation of California Corporations Code section 25110.

7 The California Corporations Commissioner is of the further opinion that the securities in the
8 form of interests in limited liability companies have been offered and sold in the State of California
9 by means of written and oral communications that contain untrue statements or omissions of material
10 facts in violation of California Corporations Code section 25401.

11 The California Corporations Commissioner is of the further opinion that S3, Sims, Stafford,
12 Shields, Golden Crest Wealth, Golden Crest Affiliate, and Alaris have induced or attempted to induce
13 the sale of securities in the State of California without having first applied for and secured a license
14 authorizing any of them to act in the capacity of a securities broker-dealer, in violation of California
15 Corporations Code section 25210.

16 Pursuant to Corporations Code section 25532, S3 Partners LLC, Michael Sims, Sam S.
17 Stafford, Rusty Shields, Golden Crest Wealth Management, LLC, Golden Crest Affiliate Services,
18 LLC, Alaris Development, LLC, and other affiliated entities under the direction and control of any of
19 them, including but not limited to Stagecoach Retail, LLC, Oakmont, LLC, Centra Palm Court, LLC,
20 Sonterra Retail Center, LLC, and Marengo Ranch Retail Center, LLC, are hereby ordered to desist
21 and refrain from the further offer or sale in the State of California of securities, including interests in
22 limited liability companies, unless and until qualification has been made under the California
23 Corporate Securities Law or unless exempt.

24 Pursuant to Corporations Code section 25532, S3 Partners LLC, Michael Sims, Sam S.
25 Stafford, Rusty Shields, Golden Crest Wealth Management, LLC, Golden Crest Affiliate Services,
26 LLC, Alaris Development, LLC, and other affiliated entities under the direction and control of any of
27 them, including but not limited to Stagecoach Retail, LLC, Oakmont, LLC, Centra Palm Court, LLC,
28 Sonterra Retail Center, LLC, and Marengo Ranch Retail Center, LLC, are hereby further ordered to

1 desist and refrain from the further offer or sale in the State of California of securities, including
2 interests in limited liability companies, by means of any written or oral communication which
3 includes untrue statements or omissions of material facts.

4 Pursuant to Corporations Code section 25532, S3 Partners LLC, Michael Sims, Sam S.
5 Stafford, Rusty Shields, Golden Crest Wealth Management, LLC, Golden Crest Affiliate Services,
6 LLC, Alaris Development, LLC, and other affiliated entities under the direction and control of any of
7 them, including but not limited to Stagecoach Retail, LLC, Oakmont, LLC, Centra Palm Court, LLC,
8 Sonterra Retail Center, LLC, and Marengo Ranch Retail Center, LLC, are hereby ordered to desist
9 and refrain from effecting any transaction in, or attempting to induce the purchase or sale of, any
10 security in this state, unless and until a certificate authorizing the person or entity to act in that
11 capacity has been secured from the Commissioner of Corporations.

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
15 DATED: May 11, 2009

16 PRESTON DuFAUCHARD
17 California Corporations Commissioner

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19 By _____
20 Alan S. Weinger
21 Acting Deputy Commissioner
22 Enforcement Division
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