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BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT

OF THE STATE OF CALIFORNIA

In the Matter of THE COMMISSIONER OF BUSINESS OVERSIGHT, Complainant, v. NEWTALK, INC. and BRUCE WAYNE NASH, Respondents.	FINAL ORDER LEVYING ADMINISTRATIVE PENALTIES PURSUANT TO CORPORATIONS CODE SECTION 25252 AND ANCILLARY RELIEF PURSUANT TO CORPORATIONS CODE SECTION 25532(e)

TO: Bruce Wayne Nash
NewTalk, Inc.
2371 Poplar Avenue
East Palo Alto, CA 94303

1. On April 16, 2014, the Department of Business Oversight for the State of California brought an action to issue an order levying administrative penalties pursuant to Corporations Code section 25252 and ancillary relief pursuant to Corporations Code section 25532(e) on Respondents, Bruce Wayne Nash and NewTalk, Inc.

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2. At all relevant times herein, NewTalk, Inc. was a California corporation with a reported business address of 1600 Adams Drive, Menlo Park, California 94025.

3. At all relevant times, Bruce Wayne Nash, ("Nash") was the founder and CEO of NewTalk, Inc. Nash is also the agent for service of process for NewTalk, Inc. with a service address of 2371 Poplar Avenue, East Palo Alto, California 94303.

4. Nash and NewTalk, Inc. are herein collectively referred to as "Respondents."

5. At all relevant times herein, Nash is or was a minister of the Church of Christ in East Palo Alto, California.

6. As a minister of the Church of Christ in East Palo Alto, Nash had occasion to meet with members of the congregation. At one such meeting, Nash met with a married couple who were new members. Nash presented to the couple a business card, identifying him as the CEO of NewTalk, Inc.

7. Nash met again with the husband at the offices of the Church of Christ in East Palo Alto. He explained that his company was in the process of developing a device that would automatically translate languages, and that this device would be used in international commerce as well as schools for teaching foreign languages to children of all ages.

8. During a subsequent presentation to the couple, Nash displayed what he called a "prototype" of the NewTalk translation device. The investors later learned that said "prototype" was a toy that could be purchased at any local toy store. Nash stated that the device was the product of proprietary information developed by his company, and that the product was patented. This was not true. Nash further told the prospective investors that well-known corporations such as Google, Facebook and Skype were either considering significant investments in NewTalk or contemplating purchasing large quantities of the device manufactured by NewTalk.

9. Nash offered and sold securities to the investors, in the form of a convertible note offering 8% interest which the investors both signed. The convertible note was a security subject to qualification under the California Corporate Securities Law of 1968 ("CSL"). They were also provided qualifying documents that requested income and other financial information as well as their investing experience. Nash subsequently told them they did not have to complete those documents.

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10. Corporations Code section 25110 prohibits the offer and/or sale of non-exempt securities in this state that are subject to qualification.

11. On January 31, 2013 the investors, a married couple, jointly provided to Nash a cashier's check for $10,000 as an investment in NewTalk during a meeting at the public library in Palo Alto, California. The source of the $10,000.00 was funds withdrawn from the wife's 401(k) retirement account.

12. During the course of his solicitation and presentation to the investors, Nash failed to disclose that he had filed two different Chapter 13 bankruptcy filings on September 13, 2010.

13. On April 29, 2014 the Commissioner served Respondents with copies of the following documents: (1) Notice of Intention to enter Order Levying Administrative Penalties Pursuant to Corporations Code Section 25252 And Claim For Ancillary Relief Pursuant to Corporations Section 25532(e); (2) Statement in Support of Order and Desist and Refrain Order; (3) Statement to Respondents; (4) Notice of Defense; and (5) Government Code sections 11507.5, 11507.6 and 11507.7.

14. Respondents after appropriate notice and opportunity to be heard, have not requested a hearing on this matter within 40 days after the substituted service of the documents referenced in the preceding paragraph as required by California Corporations Code section 25532 and the Administrative Procedure Act. The time period to request a hearing has expired.

15. California Corporations Code section 25252 authorizes the Commissioner to issue an order levying administrative penalties against any person for willful violations of any provision of the Corporations Code and any rules promulgated thereunder.

16. Based on the foregoing findings of fact, Respondents willfully violated the following provisions:

a) Corporations Code section 25110 by offering and selling securities that are not qualified by the Department or exempt;

b) Corporations Code section 25401(b) by making untrue statements in association with the offer and sale of securities.

17. WHEREFORE, good cause showing, and pursuant to Corporations Code section

25252, the Commissioner enters this final order levying administrative penalties in the amount of one thousand dollars ($1,000.00), against Respondents, jointly and severally due and payable 60 days from the date of this Order.

18. Corporations Code section 25532(e) authorizes the Commissioner to seek ancillary relief on behalf of any person injured by violations of any provision of the Corporations Code and any rules promulgated thereunder.

19. Based on the foregoing findings of fact, Respondents sold by means of fraud, unqualified, nonexempt securities in an amount of ten thousand dollars ($10,000.00) to California investors in violation of Corporations Code sections 25110, and 25401(b).

20. WHEREFORE, good cause showing and pursuant to Corporations Code section 25532(e) the Commissioner enters this final order levying restitution in the amount of $10,000.00 against Respondents, jointly and severally due and payable 60 days from the date of this Order.

The Commissioner finds that each of the above enumerated matters provide an independent basis under California Corporations Code section 25252 and 25532(e), justifying the issuance of an Order levying administrative penalties in the amount of $1,000.00 and ordering restitution in the amount of $10,000.00 to the two California investors jointly and severally against Respondents due and payable 60 days from the date of this Order. Based upon the foregoing, the Commissioner finds it is in the public interest to enter this final Order.

NOW THEREFORE, GOOD CAUSE SHOWING, IT IS HEREBY ORDERED that Bruce Wayne Nash and NewTalk, Inc. jointly and severally, pay administrative penalties in the amount of $1,000.00 and restitution in the amount $10,000.00 due and payable 60 days from the date of this Order.

This order is effective immediately.

Dated: June 18, 2014

JAN LYNN OWEN
Commissioner of Business Oversight

By: _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division