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SUPERIOR COURT OF CALIFORNIA
COUNTY OF SAN BERNARDINO
SAN BERNARDINO DISTRICT

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9 SUPERIOR COURT OF THE STATE OF CALIFORNIA

10 FOR THE COUNTY OF SAN BERNARDINO

11 THE PEOPLE OF THE STATE OF)
12 CALIFORNIA, by and through the)
Commissioner of Business Oversight,)

13 Plaintiff,)

14 v.)

15 PAUL R. MATA, an individual;)
16 RENAISSANCE MANAGEMENT, LLC, a)
17 Nevada limited liability company; SECURED)
CAPITAL INVESTMENTS, LLC, a Nevada)
18 limited liability company; LOGOS REAL)
ESTATE HOLDINGS, LLC, a California)
19 limited liability company; LOGOS LIFETIME)
20 ENTERPRISES, LLC, a California limited)
liability company; LOGOS MANAGEMENT)
21 GROUP, LLC, a California limited liability)
company; LOGOS WEALTH ADVISORS,)
22 INC., a California corporation, and DOES 1)
23 through 50, inclusive,)

Defendants,)

24 And)

25 DAVID FRANCIS KAYATTA, an individual;)
26 MARIO PINCHEIRA, an individual; and)
WORLD GARDENS CAFÉ, LLC, a California)
27 limited liability company.)

28 Relief Defendants.)

CASE NO. CIVDS1512999

MEMORANDUM OF POINTS AND
AUTHORITIES IN SUPPORT OF EX PARTE
APPLICATION FOR A TEMPORARY
RESTRAINING ORDER; AND ORDER TO
SHOW CAUSE RE: PRELIMINARY
INJUNCTION

ASSIGNED FOR ALL PURPOSES TO:
The Honorable David S. Cohn

Date:
Time:
Dept: S37

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1 Memorandum of Points and Authorities in Support of Ex Parte Application for a Temporary
2 Restraining Order, and Order to Show Cause Re: Preliminary Injunction as follows:

- 3 1) Enjoining Defendants Paul R. Mata and Logos Lifetime Enterprises, LLC from acting as
4 unlicensed investment advisers;
- 5 2) Enjoining Defendants Paul R. Mata; Logos Wealth Advisors, Inc.; and Logos Lifetime
6 Enterprises, LLC from engaging in fraud while acting as an investment adviser; and
- 7 3) Enjoining Defendants Paul R. Mata; Renaissance Management, LLC; Secured Capital
8 Investments, LLC; Logos Real Estate Holdings, LLC; Logos Management Group, LLC; and Logos
9 Lifetime Enterprises, LLC from the offer or sale of securities by means of untrue statements and/or
10 omissions of material facts.

11 Without these Orders, irreparable injury will occur to residents of California and elsewhere in
12 the United States.

13 **I. INTRODUCTION**

14 Between June 2007 and at least December 2014, Defendants Paul R. Mata (“Mata”),
15 Renaissance Management, LLC (“Renaissance”), Secured Capital Investments, LLC (“SCI”), Logos
16 Real Estate Holdings, LLC (“LREH”), Logos Management Group, LLC (“LMG”), and Logos
17 Lifetime Enterprises, LLC (“LLE”) fraudulently offered and sold securities raising an estimated
18 \$14,000,000.00 from approximately 100 investors in California and other states in violation of the
19 Corporate Securities Law of 1968 (“CSL”), commencing at Corporations Code (“CC”) section 25000
20 *et seq.*¹ Defendants’ untrue statements and omissions of material facts included, but were not limited
21 to: (a) misrepresenting the use of investor funds; (b) failure to disclose past regulatory actions by
22 multiple securities regulators; c) making guarantees on investors’ rates of return without a rational
23 basis; (d) failing to disclose uses of investor funds, such as paying prior investors and paying off
24 exorbitant personal credit card expenses; and (e) failure to disclose the lack of licensure to engage in
25 business as an investment adviser.

26
27
28 ¹ All references are to the California Corporations Code unless otherwise indicated.

1 From around March 2009 through at least February 2012, Mata, while employed by
2 Defendant Logos Wealth Advisors, Inc. (“LWA”) as its president and investment adviser
3 representative, offered and sold to LWA clients securities in Renaissance, SCI, and LREH by means
4 of one or more of the above-mentioned untrue statements and omissions of material facts, in violation
5 of CC section 25401. Mata and LWA also engaged in fraud by an investment adviser by failing to
6 tell clients all material facts with respect to a Nevada Cease and Desist Order issued in July 2010
7 and/or a Financial Industry Regulatory Authority (“FINRA”) one year-suspension in March 2011, in
8 violation of CC section 25235, subdivision (d).

9 After being terminated from LWA in February 2012 to the present, Mata, individually and
10 through LLE, continued to provide investment advisory services and exercise management and
11 control over LWA, despite lacking a certificate from the Commissioner of Business Oversight
12 (“Commissioner”) to engage in the business of an investment adviser and without an exemption from
13 the licensure requirement, in violation of CC section 25230, subdivision (a).

14 On April 1, 2014, after entering into a Stipulation with the Commissioner to be suspended
15 from any position of employment, management, or control of any broker-dealer or investment adviser
16 for five months, Mata, during the suspension period, managed and controlled his unlicensed
17 investment advisory firm, LLE, in planning and selling tickets to a financial planning seminar, “3-
18 Day Wealth Building Bootcamp” scheduled for September 2014 in Los Angeles. Despite his
19 suspension, Mata and LLE continued to advise LWA clients regarding the value of securities.

20 On October 2-4, 2015, Mata conducted another seminar under the slogan, “Create
21 Indestructible Life Bootcamp,” promising members of the public information and advice about
22 financial and estate planning and investing retirement assets. Since 2012, Mata has conducted at least
23 four seminars by advertising his experience as a former Wall Street financial adviser to attract
24 prospective clients. Based upon Defendants’ past and continuing pattern of conduct a temporary
25 restraining order and an order to show cause regarding a preliminary injunction is necessary and
26 proper to prevent Defendants from harming the public and violating the CSL.

27 **II. STATEMENT OF FACTS**

28 From December 15, 1997 through around March 24, 2009, Mata was an investment adviser

1 representative employed by Ameriprise Financial Services, Inc. (“Ameriprise”), a registered
2 investment adviser and broker-dealer firm, which terminated him for violating company policies,
3 including, but not limited to, offering and selling Renaissance partnership interests and SCI
4 promissory notes without prior approval from Ameriprise. Declaration of Lisa Medina (“Medina
5 Decl.”), ¶ 35, Ex. 19.

6 After termination from Ameriprise, from around April 2009 through February 8, 2012, Mata
7 was an investment adviser representative employed by LWA, which terminated him on or around
8 February 8, 2012, citing “Decided not to pursue licensing at this time.” Medina Decl., ¶¶ 41, 43, Exs.
9 21-22. Mata has not been a registered investment adviser or registered investment adviser
10 representative at any time thereafter. *Id.*

11 After Ameriprise terminated him in March 2009, Mata was disciplined by three securities
12 regulatory agencies for his activities in connection with the offer and sale of Renaissance partnership
13 interests and SCI promissory notes:

14 First, on July 30, 2010, the State of Nevada issued a Final Order to Cease and Desist to LWA,
15 Mata, SCI, and others, for: (a) advertising and offering unregistered securities in the form of SCI
16 promissory notes to Nevada residents; (b) omitting to state material facts in the offer and sale of
17 securities; and (c) acting as an unlicensed investment adviser in connection with the offer and sale of
18 SCI securities (“Nevada Cease and Desist Order”). Medina Decl., ¶ 27, Ex. 12.

19 Second, on March 22, 2011, Mata signed a Letter of Acceptance, Waiver and Consent
20 (“AWC”) agreeing to the Financial Industry Regulatory Authority’s (“FINRA”)² imposition of a 12
21 month-suspension from association with any FINRA broker-dealer in any capacity, and a \$10,000.00
22 fine for violations of FINRA rules in connection with the offer and sale of Renaissance membership
23 interests and SCI promissory notes. Medina Decl., ¶ 35, Ex. 18.

24 Third, on or around April 1, 2014, Mata entered into a Stipulation with the Commissioner
25 agreeing to the issuance of an Order suspending Mata for the period of April 1, 2014 through
26 September 1, 2014, from any position of employment, management, or control of any broker-dealer
27

28 _____
² FINRA is a self-regulatory organization for the securities industry.

1 or investment adviser (“Commissioner’s Order”). Declaration of Rebecca E. Gutierrez (“Gutierrez
2 Decl.”), ¶ 2, Exs. 1-3. The Commissioner’s Order was based on FINRA’s March 22, 2011
3 suspension for violations of FINRA rules in connection with the offer and sale of Renaissance
4 partnership interests and SCI promissory notes. Gutierrez Decl. ¶ 2, Ex. 2.

5 Despite the above, Mata continued to sell securities, including, but not limited to, SCI
6 promissory notes and LREH membership interests, while failing to disclose one or more of the
7 regulatory actions taken against him by securities regulators. Declaration of Hugh Edward Lee (“Lee
8 Decl.”), ¶ 32; Declaration of Rosemary Workman (“Workman Decl.”) ¶¶ 16, 27, 31.

9 Moreover, since at least February 2012, when Mata “[d]ecided not to pursue licensing at this
10 time,” to the present, Mata, individually and through LLE, acted as an unlicensed investment adviser.
11 Medina Decl., ¶¶ 41, 43, Exs. 21-22; Workman Decl., ¶¶ 4, 7, 9, 10, Ex.2; Declaration of Sandra
12 Nicholson (“Nicholson Decl.”), ¶¶ 4, 22-24, Exs. 5-8; Declaration of Daniel W. Carson (“Carson
13 Decl.”), ¶¶ 5-6, 9-10, Ex. 1; Declaration of Regenia Bennett (“Bennett Decl.”), ¶¶ 5-6,10-13, Exs. 3-
14 4.

15 **A. OFFER AND SALE OF SECURITIES BY MEANS OF FRAUD**

16 **1. Renaissance Management, LLC**

17 In or around June 2007 Mata created Renaissance and was at all relevant times its managing
18 member. Medina Decl., ¶¶ 29, 31, Ex. 14. Notwithstanding the sale of “partnership interests” in
19 Renaissance, Mata was the sole control person and investors were entirely passive participants.
20 Carson Decl., ¶¶ 19-20, Ex. 5. In or around 2008 Mata held a dinner meeting at a restaurant in
21 Upland, CA, where he solicited approximately 25 people with promises of profit and guaranteed
22 returns. Carson Decl., ¶¶ 12-15, Ex. 2. Mata told investors that Renaissance was a fund for investing
23 in small businesses for a profit. Nicholson Decl., ¶¶ 6-7; Carson Decl., ¶ 13, Ex. 2. After hearing
24 Mata’s presentation at the dinner meeting, on or around March 8, 2009, one investor invested
25 \$50,000.00 in Renaissance. Carson Decl., ¶¶ 16-17, Ex. 3. Mata misled investors in the offer and
26 sale of Renaissance partnership interests, and failed to disclose material facts, including, but not
27 limited to: (a) failing to disclose that Renaissance investor funds would be used to invest in
28 companies controlled and managed by Mata (Nicholson Decl., ¶ 17, Ex. 5); (b) failing to disclose that

1 Renaissance had no history of profits (Medina Decl., ¶¶ 29, 30, 32, Exs. 13, 15; Nicholson Decl., ¶¶
2 10, 21, 26-27, Exs. 2, 8; Carson Decl., ¶¶ 21, 23); (c) representing that investors would receive their
3 principal plus interest after a specified number of years, when in fact Mata offered to “buy back”
4 shares for 50% of the original investment, or simply failed to return investor funds as promised
5 (Nicholson Decl., ¶¶ 6-7, 26-27, Ex. 8; Carson Decl. ¶ 13, 21, 23); and (d) representing that investors
6 would receive a “Memorandum” that purportedly contained provisions for the agreement, when in
7 fact Mata failed to provide any “Memorandum” (Nicholson Decl., ¶¶ 9, 14-16, Exs. 1, 4; Carson
8 Decl., ¶ 22).

9 **2. Secured Capital Investments, LLC**

10 On or around August 29, 2008, Mata created SCI and was at all relevant times the managing
11 member of SCI. Medina Decl., ¶ 29, Exs. 16-17. From October 2008 through December 2014, Mata
12 offered and sold securities in the form of SCI promissory notes to approximately 75 to 114 residents
13 of California and other states who were primarily his investment advisory clients. Lee Decl., ¶¶ 9-10;
14 Workman Decl., ¶¶ 11-12; Medina Decl., ¶ 8, Exs. 3, 6. Mata and SCI represented that SCI investor
15 funds would be used to invest in tax lien certificates and distressed properties. Workman Decl., Ex.
16 9; Lee Decl., Ex. 5. However, Mata and SCI misled investors in the offer and sale of the SCI
17 promissory notes by making untrue statements of material facts and failing to disclose material facts,
18 including, but not limited to:

19 (1) Failing to disclose that SCI invested in riskier ventures such as Innovation Economy
20 Corp, a.k.a. Innovation Economy Crowd, a.k.a. IE Crowd, and World Gardens Café, LLC (“WGC”),
21 which are unrelated to tax lien certificates and distressed properties. Lee Decl., ¶ 18, Ex. 5; Medina
22 Decl., ¶ 17, Ex. 7.

23 (2) Misrepresenting the termination date in SCI’s Private Placement Memorandum (“SCI
24 PPM”) after which no more SCI promissory notes would be sold; in fact, SCI continued to sell
25 promissory notes beyond the termination date. Workman Decl., Ex. 9; Medina Decl., ¶ 11, Ex. 6.

26 (3) Failing to disclose that new SCI investor funds were being used to cover payments to
27 prior investors. Medina Decl., ¶¶ 19-20, Ex. 8.

28

1 (4) Guaranteeing a return to SCI investors at the rate of 5% the first year, increasing 1%
2 each year until it reached 10% in the sixth year and 10% in the seventh year (“Guaranteed Rate of
3 Return”), and failing to disclose that SCI investors may not receive the Guaranteed Rate of Return
4 when promised. Lee Decl., ¶¶ 18, 20; Workman Decl., Ex. 9.

5 (5) Failing to disclose material facts regarding its Guaranteed Rate of Return, including,
6 but not limited to: (a) that between October 4, 2012 and June 30, 2015, SCI could not make
7 distributions to SCI investors without relying on new SCI investor money (Medina Decl., ¶¶ 19-20,
8 Ex. 8); (b) that SCI investor funds were regularly used to pay off Mario Pincheira’s (“Pincheira”)
9 personal American Express card, which Mata, David Kayatta (“Kayatta”), and Pincheira used for
10 personal expenses (Medina Decl., ¶¶ 12-17, Exs. 5-7); (c) that SCI made loans to entities created and
11 controlled by Mata, such as WGC and LREH (Workman Decl., Ex. 2; Medina Decl., ¶¶ 17-18, Ex.
12 7); and (d) that Renaissance was an investor in SCI and Mata was unable to fulfill his promises to pay
13 Renaissance investors (Nicholson Decl., ¶¶ 21, 26-27, 29, Exs. 5, 8).

14 (6) Failing to disclose Mata’s past disciplinary actions by securities regulators for
15 violations of the securities laws in connection with his offer and sale of SCI promissory notes,
16 including: (a) the Nevada Cease and Desist Order (Workman Decl., ¶ 16; Lee Decl., ¶ 32); and (b)
17 the one year-suspension by FINRA (Workman Decl., ¶ 27; Lee Decl., ¶ 32).

18 **3. Logos Real Estate Holdings, LLC and Logos Management Group, LLC**

19 From around November 2011 through at least October 2013, Mata, individually and as
20 manager of LMG, offered and sold securities in the form of membership interests in LREH,
21 purportedly to invest in real estate. Lee Decl., ¶¶ 21-22, Ex. 6; Medina Decl., ¶¶ 24-26, Exs. 10-11.
22 However, Mata LMG, and LREH misled investors and made untrue statements of material facts,
23 including, but not limited to:

24 (1) Misrepresenting that December 31, 2012 was the final closing date for the offering,
25 when in fact Mata offered and sold LREH securities through at least October 2013, thereby diluting
26 LREH investors’ interests. Lee Decl., ¶¶ 24, 26, Ex. 7; Medina Decl., ¶¶ 24-25, Exs. 10-11.

27 (2) Misrepresenting that after two years, Mata would distribute the principal plus interest
28 and any profits back to LREH investors, when in fact, more than three years later, LREH failed to

1 make distributions of principal, interest, or profits. Lee Decl., ¶¶ 21, 31.

2 (3) Misrepresenting that the Subscription Booklet for LREH must not be used if it is not
3 accompanied by a copy of the Confidential Private Placement Memorandum (“LREH PPM”), when
4 in fact Mata used the Subscription Booklet and sold LREH securities totaling at least \$100,000.00
5 without first providing a copy of the LREH PPM. Lee Decl., ¶¶ 22-24, Ex. 6.

6 Mata also failed to disclose material facts while offering and selling LREH membership
7 interests, including, but not limited to: (1) the Nevada Cease and Desist Order, and (2) the one year-
8 suspension by FINRA. Lee Decl., ¶ 32.

9 **B. UNLICENSED INVESTMENT ADVISER ACTIVITY**

10 Since February 2012 through at least May 2015, though lacking a certificate from the
11 Commissioner to act as an investment adviser or “financial planner”³ and an exemption, Mata and
12 LLE engaged in the business of an investment adviser for LWA clients through letters, in-person
13 meetings, and financial planning seminars. Workman Decl., ¶¶ 4, 7, 9-10; Nicholson Decl., ¶¶ 22,
14 24, Exs. 6-7; Carson Decl., ¶¶ 5-7, 9-11, Ex. 1; Bennett Decl., ¶ 5, 12-13, Ex. 4.

15 In January 2015, Mata, as CEO of LLE, sent his client, who was also a Renaissance investor,
16 a new proposed agreement granting LLE the power to, among other things, invest and reinvest in
17 loans, stocks, bonds, securities, real estate, life insurance, and annuities. Nicholson Decl., ¶¶ 22-23,
18 Ex. 6. Mata also sent a “Logos Lifetime Enterprises Financial Consulting Service Agreement”
19 describing the work of the “financial mentor” to “help clients as they plan to achieve their financial
20 goals and dreams by using a proprietary Indestructible Wealth Formula.” *Id.* Mata offered various
21 financial planning services for a fee of \$1,750.00. *Id.*

22 In or around March 2015, when a Renaissance investor demanded the return of her investment
23 principal, Mata instead offered to repurchase her shares at 50% of value, giving her his investment
24 advice and recommendation about the value of her Renaissance membership interests. Nicholson
25

26 _____
27 ³ Corporations Code § 25009(b) provides, in relevant part: “ ‘Investment adviser’ also includes any person who uses the
28 title “financial planner” and who, for compensation, engages in the business, whether principally or as part of another
business, of advising others, either directly or through publications or writings, as to the value of securities or as to the
advisability of investing in, purchasing or selling securities, or who, for compensation and as part of a regular business,
publishes analyses or reports concerning securities”

1 Decl., ¶¶ 26-29, Ex. 8. In May 2015, Mata assured his client regarding reallocating her portfolio, that
 2 he is “still here overseeing everything . . . I still oversee it all and give strategic direction.” Bennett
 3 Decl., ¶¶ 10-13, Exs. 3-4. In June 2015, one Renaissance investor paid his \$1,000.00 yearly fee to
 4 Mata for financial planning and investment advice. Carson Decl., ¶¶ 9-11, Ex. 1. However, Mata
 5 and LLE lacked a certificate from the Commissioner authorizing them to engage in the business of an
 6 investment adviser. Gutierrez Decl., ¶ 4, Exs. 7, 10; Carson Decl., ¶¶ 8, 10, Ex. 1; Bennett Decl., ¶
 7 15; Medina Decl., ¶¶ 41, 43, Exs. 21-22.

8 **C. FRAUD BY AN INVESTMENT ADVISER THROUGH FAILURE TO**
 9 **DISCLOSE DISCIPLINARY EVENTS**

10 While Mata was president and chief compliance officer of LWA, and following his
 11 termination from LWA in February 2012, Mata and LWA failed to disclose to their clients one or
 12 more of the following disciplinary events that are material to the evaluation of their integrity or
 13 ability to meet contractual commitments: (i) the July 2010 Nevada Cease and Desist Order issued to
 14 LWA, Mata, Kayatta, SCI, and others, for unlicensed investment adviser activity in connection with
 15 the offer and sale of unregistered securities in the form of SCI promissory notes (Medina Decl., ¶ 27,
 16 Ex. 12; Lee Decl., ¶ 32; Workman Decl., ¶ 16; Carson Decl., ¶ 8; Bennett Decl., ¶ 14); (ii) the April
 17 2011 FINRA AWC suspending Mata, who was then the owner and president of LWA, for one year,
 18 and imposing a \$10,000.00 fine for violation of FINRA Rule 2010 and NASD Rules (Medina Decl., ¶
 19 35, Ex. 18; Lee Decl., ¶ 32; Workman Decl., ¶ 27; Nicholson Decl., ¶ 12; Carson Decl., ¶ 8; Bennett
 20 Decl., ¶ 14); and (iii) the April 2014 Commissioner’s Order Suspending Mata from any position of
 21 employment, management, or control of any broker-dealer or investment adviser, for five months
 22 (Gutierrez Decl., ¶ 2, Exs. 1-3; Lee Decl., ¶ 32; Workman Decl., ¶ 31; Nicholson Decl., ¶ 13; Carson
 23 Decl., ¶ 8; Bennett Decl., ¶ 14).

24 Mata’s and LWA’s failure to disclose the disciplinary events set forth above to their clients
 25 constitutes a fraudulent, deceptive, or manipulative act under California Code of Regulations, title 10,
 26 section 260.235.4, subdivision (a)(2) and therefore violations of CC section 25235, subdivision (d).

27 **D. FRAUD BY AN INVESTMENT ADVISER THROUGH TESTIMONIALS**

28 From 2013 through in or around August 2015, Mata and LLE, doing business as LLU

1 (“LLE/LLU”) published, circulated, and distributed advertisements on the internet at
 2 <http://logoslu.com/> and <http://createindestructiblewealth.com/> containing client testimonials,
 3 including but not limited to: “ ‘Paul Mata and LLU are a rarity in the Financial Planning world . . .
 4 After a 10 Years of working with other financial planners, I appreciate the value of an advisor that
 5 applies sound principles to a financial portfolio’ . . . ‘Recently, I attended a 2 Day to Wealth Seminar
 6 put on by Logos Lifetime Enterprises. The information that I received there was not only helpful to
 7 get me on this path but it was very encouraging as well. I am looking forward to learning more by
 8 attending future events.’” Medina Decl., ¶ 45, Ex. 23.

9 Mata and LLE, by directly or indirectly publishing, circulating or distributing the testimonials
 10 on <http://logoslu.com/> and <http://createindestructiblewealth.com/>, engaged in fraudulent, deceptive, or
 11 manipulative practices regarding an investment adviser under California Code of Regulations, title
 12 10, section 260.235, subdivisions (a)(1) and (b), in violation of CC section 25235, subdivision (d).

13 **E. VIOLATION OF THE COMMISSIONER’S SUSPENSION ORDER**

14 Despite voluntarily entering into a stipulation to the issuance of an order by the Commissioner
 15 suspending him from any position of employment, management, or control of any broker-dealer or
 16 investment adviser from April 1, 2014 to September 1, 2014, Mata continued to act in a position of
 17 management or control of an investment adviser by leading LLE in planning a “3-Day Wealth
 18 Building Bootcamp” where Mata would advise regarding “Investing For Income” and “Implementing
 19 Your Plan to obtain Indestructible Wealth,” and continuing to advise clients regarding the value of
 20 securities. Medina Decl., ¶¶ 51-52, Ex. 26; Carson Decl., ¶ 9. Therefore, Mata violated
 21 Commissioner’s Order and the CSL and will continue to harm the public unless enjoined by this
 22 Court.

23 **III. LAW AND ARGUMENT**

24 **A. The Commissioner is Authorized to Bring this Action for Injunctive Relief** 25 **Pursuant to Corporations Code Section 25530, Subdivision (a).**

26 CC section 25530, subdivision (a) provides that whenever it appears to the Commissioner that
 27 any person has engaged, is engaging, or is about to engage in any violation of the CSL, the
 28 Commissioner may bring an action in the name of the People of the State of California in superior

1 court to enjoin such acts or practices and upon a proper showing, a permanent or preliminary
2 injunction, “shall” be granted. Corp. Code § 25530(a). “An action filed by the People seeking
3 injunctive relief and civil penalties is fundamentally a law enforcement action designed to protect the
4 public and not to benefit private parties. The purpose of injunctive relief is to prevent continued
5 violations of law and to prevent violators from dissipating funds illegally obtained.” *People v.*
6 *Martinson* (1986) 188 Cal. App. 3d 894, 899. “Where a governmental entity seeking to enjoin the
7 alleged violation of an ordinance which specifically provides for injunctive relief establishes that it is
8 reasonably probable it will prevail on the merits, a rebuttable presumption arises that the potential
9 harm to the public outweighs the potential harm to the defendant.” *IT Corp. v. County of Imperial*
10 (1983) 35 Cal.3d 63, 72. “[W]here an injunction is authorized by statute, a violation thereof is good
11 and sufficient cause for its issuance.” *Paul v. Wadler* (1962) 209 Cal.App.2d 615, 625. Where an
12 injunction is authorized by statute to protect the public interest, usual equitable considerations such as
13 inadequacy of legal remedy, irreparable harm, balancing of interests, etc. are irrelevant, and it is not
14 necessary to allege or prove them. *See Porter v. Fiske* (1946) 74 Cal.App.2d 332, 338.

15 The Commissioner brings the present law enforcement action to enjoin violations of CC
16 sections 25230, 25235, and 25401 by Defendants and to protect the public from future harm.
17 Pursuant to CC section 25530, subdivision (a), even one violation of the CSL is “good and sufficient
18 cause” for issuance of a preliminary injunction from further violation of the law. *See Paul v. Wadler*
19 (1962) 209 Cal.App.2d, at 625. Defendants’ multiple acts constituting fraudulent and unlicensed
20 conduct in violation of the CSL establish sufficient cause for issuance of a preliminary injunction.

21 **B. Mata and LLE Violated Corporations Code Section 25230, Subdivision (a) By**
22 **Acting As Unlicensed Investment Advisers.**

23 CC section 25230, subdivision (a) prohibits any person from conducting business as an
24 investment adviser in this state unless they have first applied for and secured from the Commissioner
25 a certificate, then in effect, authorizing them to do so, or unless exempt. Corp. Code § 25230(a). An
26 “investment adviser” is defined as “any person who, for compensation, engages in the business of
27 advising others, either directly or through publications or writings, as to the value of securities or as
28 to the advisability of investing in, purchasing or selling securities, or who, for compensation and as a

1 part of a regular business, publishes analyses or reports concerning securities” Corp. Code §
2 25009(a). An “investment adviser” also includes a person using the title “financial planner.” Corp.
3 Code § 25009(b). In any proceeding under the CSL, the burden of proving an exemption is on the
4 person claiming it. Corp. Code § 25163.

5 In February 2012, Mata “[d]ecided not to pursue licensing at this time,” and to date, neither
6 Mata nor LLE has pursued licensing as an investment adviser nor claimed any exemption. Medina
7 Decl., ¶¶ 41, 43, Exs. 21-22; Gutierrez Decl., ¶ 4, Exs. 7-10. Yet, since February 2012 to at least
8 May 2015, Mata, individually and through LLE, has continued to conduct business as an investment
9 adviser or “financial planner” in violation of CC section 25230, subdivision (a). Workman Decl., ¶¶
10 4-5, 7-11, Ex. 2; Nicholson Decl., ¶¶ 4-5, 22-29, Exs. 6-8; Bennett Decl., ¶¶ 10-13, Exs. 3-4; Carson
11 Decl., ¶¶ 10-11, Ex. 1. Mata and LLE marketed and operated seminars in September 2014 and May
12 2015, charging approximately \$2,997.00 for, among other things, “the income generating formula:
13 how to invest like the millionaires do in order to generate ongoing and sustainable income.” Medina
14 Decl., ¶¶ 46, 51, Exs. 23, 26; Workman Decl., ¶ 30. In May 2015, despite having been terminated by
15 LWA in February 2012, Mata admitted to his client, who is also an SCI investor, that with respect to
16 LWA, he is “still here overseeing everything.” Bennett Decl., ¶¶ 12-13, Ex. 4.

17 Mata and LLE received compensation for giving investment advice in seminars and in-person
18 meetings with clients, who continue to receive “Client Quarterly Statements” or updates from Mata
19 regarding the value of their investments. Workman Decl., ¶¶ 4-5, 7, 9-10, 18, 20-26, 30; Exs. 6-7;
20 Carson Decl., ¶¶ 9-11, 19-20, Exs. 1, 5. Therefore, Mata and LLE have violated CC section 25230,
21 subdivision (a) and will continue to do so unless enjoined by this Court.

22 **C. Mata and LWA Violated Corporations Code Section 25235, Subdivision (d) By**
23 **Failing to Disclose Disciplinary Events.**

24 CC section 25235, subdivision (d), provides that it is unlawful for any investment adviser to
25 engage in any “act, practice, or course of business which is fraudulent, deceptive, or manipulative.”
26 Corp. Code § 25235(d). Failing to disclose to any client or prospective client all material facts with
27 respect to a legal or disciplinary event that is material to an evaluation of the adviser’s integrity or
28 ability to meet contractual commitments to clients is a fraudulent, deceptive, or manipulative act or

1 practice. Cal. Code Reg., tit. 10, § 260.235.4(a)(2). Disciplinary actions taken by a state regulatory
 2 agency are presumed material. Cal. Code Reg., tit. 10, § 260.235.4(b)(2)(B). Disciplinary actions
 3 taken by a self-regulatory organization, such as FINRA, are also presumed material. Cal. Code Reg.,
 4 tit. 10, § 260.235.4(b)(3)(B).

5 Mata and LWA failed to disclose to their clients the existence of, or all material facts
 6 regarding, the following: the Nevada Cease and Desist Order (Lee Decl., ¶ 32; Workman Decl, ¶ 16;
 7 Carson Decl., ¶ 8; Bennett Decl., ¶ 14); the one year-suspension by FINRA (Lee Decl., ¶ 32;
 8 Workman Decl, ¶ 27; Nicholson Decl., ¶ 12; Carson Decl., ¶ 8; Bennett Decl., ¶ 14); and/or the five
 9 month-suspension by the Commissioner (Lee Decl., ¶ 32; Workman Decl., ¶ 31; Nicholson Decl., ¶
 10 13; Carson Decl., ¶ 8; Bennett Decl., ¶ 14). Therefore, Mata and LWA violated CC section 25235,
 11 subdivision (d) and will continue to do so unless enjoined by this Court.

12 **D. Mata and LLE Violated Corporations Code Section 25235, Subdivision (d) By**
 13 **Using Testimonials in Advertisements.**

14 CC section 25235, subdivision (d), provides that it is unlawful for any investment adviser to
 15 engage in any “act, practice, or course of business which is fraudulent, deceptive, or manipulative.”
 16 Corp. Code § 25235(d). The publication, circulation, or distribution of advertisements containing
 17 testimonials regarding the investment adviser or the services the investment adviser provides, is
 18 statutorily presumed to be fraudulent, deceptive, or manipulative. Cal. Code Regs., tit. 10, §
 19 260.235(a)(1) and (b).

20 Mata and LLE indirectly or directly published, circulated, or distributed testimonials
 21 regarding Mata on <http://logoslu.com/> and <http://createindestructiblewealth.com/>, including but not
 22 limited to: “Paul Mata and LLU are a rarity in the Financial Planning world . . . After 10 Years of
 23 working with other financial planners, I appreciate the value of an advisor that applies sound
 24 principles to a financial portfolio . . .” Medina Decl., ¶ 45, Ex. 23. Mata and LLE have therefore
 25 violated CC section 25235, subdivision (d) and will continue to do so unless enjoined by this Court.

26 **E. Mata, Renaissance, SCI, LMG, LREH, and LLE Violated Corporations Code**
 27 **Section 25401, Subdivision (b) By Offering and Selling Securities By Means of**
 28 **Untrue Statements and Omissions of Material Fact**

1 CC section 25401, subdivision (b) provides that it is unlawful for any person, in connection
2 with the offer, sale, or purchase of a security, directly or indirectly, to make an untrue statement of
3 material fact or omit to state a material fact necessary to make the statements made, in light of the
4 circumstances under which they were made, not misleading. Corp. Code § 25401(b).

5 CC section 25019 defines “security” to include, without limitation, any note, stock,
6 membership in an incorporated or unincorporated association, evidence of indebtedness, investment
7 contract, or membership interest in a limited liability company, “except a membership interest in a
8 limited liability company in which the person claiming this exception can prove that all of the
9 members are actively engaged in the management of the limited liability company.” Corp. Code §
10 25019. Renaissance, SCI, LREH, and LLE are limited liability companies created, managed, and
11 controlled by Mata, and investors are not actively engaged in the management of the limited liability
12 company. *See* Medina Decl., ¶¶ 31, 33-34, 49-50, Exs.14, 16-17, 25, 28-30; Nicholson Decl., Ex. 8;
13 Workman Decl., Ex. 7; Lee Decl., Ex. 7; Carson Decl., ¶¶ 19-20, Ex. 5. The Renaissance partnership
14 interests, SCI promissory notes, LREH membership interests, and LLE shares that were offered and
15 sold by Mata are all “securities” under CC section 25019.

16 A fact is “material” if there is a substantial likelihood that, under all the circumstances, a
17 reasonable investor would consider it important in reaching an investment decision. *Insurance*
18 *Underwriters Clearing House, Inc. v. Natomas Co.* (1986) 184 Cal.App.3d 1520, 1526. In cases
19 where “money is being used to pay off interest owed to other investors and money is being siphoned
20 off to enrich principals before the underlying business is profitable, promises to investors to pay
21 interest and return principal are inherently either false or misleading” *People v. Butler* (2012)
22 212 Cal.App.4th 404, 424 (finding that omission of facts about the offeror’s history and the financial
23 precariousness of the businesses in which defendant is offering investments to be “material” and
24 sufficient to satisfy section 25401).

25 Mata and SCI guaranteed a return to SCI investors at the rate of 5% the first year, increasing
26 1% each year until it reached 10% in the sixth year and 10% in the seventh year (“Guaranteed Rate of
27 Return”). Workman Decl., Ex. 9. Yet, Mata and SCI were using new investor money to pay off prior
28 investors. Medina Decl., ¶¶ 19-20, Ex. 8. Moreover, Mata and SCI failed to disclose facts about

1 Mata's history of disciplinary actions by securities regulators. Medina Decl., ¶¶ 27, 35, Exs. 12, 18;
2 Lee Decl., ¶ 32; Workman Decl., ¶¶ 16, 27. Mata also failed to disclose that SCI investors may not
3 receive the Guaranteed Rate of Return when promised. Lee Decl., ¶¶ 18, 20. Therefore, Mata and
4 SCI have violated CC section 25410 and will continue to do so unless enjoined by this Court.

5 **F. Mata's Violations of the Commissioner's Order Show that a Preliminary**
6 **Injunction is Necessary to Prevent Further Violations of the CSL**

7 Despite voluntarily stipulating to the issuance of an order by the Commissioner to suspend
8 Mata from any position of employment, management, or control of any broker-dealer or investment
9 adviser from April 1, 2014 to September 1, 2014, Mata throughout this period continued to manage
10 and control LWA and LLE/LLU by answering LWA client inquiries and leading an LLE Investor
11 meeting to prepare for the September 11-13, 2014 "Create Indestructible Wealth Bootcamp" where
12 he advised attendees on how to "create indestructible wealth" for the ticket price of approximately
13 \$2,997.00. Medina Decl., ¶¶ 51-52, Ex. 26. Mata also continued to meet with LWA clients to
14 discuss financial planning and give investment advice. Carson Decl., ¶ 9. Mata's email to one client
15 in May 2015 that he was "still here overseeing everything," despite having been terminated from
16 LWA in February 2012, strongly indicates that he never ceased controlling and managing LWA.
17 Bennett Decl., ¶¶ 10-13, Exs. 3-4. Mata's violations of the Commissioner's Order show a strong
18 likelihood of further violations of the CSL, unless enjoined by this Court.

19 **IV. CONCLUSION**

20 The evidence filed with this Motion demonstrates that the Defendants have caused and are
21 causing irreparable injury to California residents and elsewhere by engaging in an ongoing pattern of
22 violating Corporations Code sections 25230, subdivision (a), 25235, subdivision (d), and 25401,
23 subdivision (b). In order to protect the public and prevent further irreparable harm to investors,
24 Plaintiff requests that this Court grant injunctive relief by: 1) enjoining Defendants Paul R. Mata and
25 Logos Lifetime Enterprises, LLC from acting as unlicensed investment advisers; 2) enjoining
26 Defendants Paul R. Mata; Logos Wealth Advisors, Inc.; and Logos Lifetime Enterprises, LLC from
27 engaging in fraud while acting as an investment adviser; and 3) enjoining Defendants Paul R. Mata;
28 Renaissance Management, LLC; Secured Capital Investments, LLC; Logos Real Estate Holdings,

1 LLC; Logos Management Group, LLC; and Logos Lifetime Enterprises, LLC from the offer or sale
2 of securities by means of untrue statements and/or omissions of material facts.

3 Dated: October 23, 2015
4 Los Angeles, California

Respectfully submitted,

5 JAN LYNN OWEN
6 Commissioner of Business Oversight

7
8 By: 
9 SOPHIA C. KIM
10 Counsel
11 Attorney for Plaintiff
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