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8 Attorneys for Complainant

9
10 BEFORE THE DEPARTMENT OF CORPORATIONS
11 OF THE STATE OF CALIFORNIA

12 In the Matter of) CASE NO.
13)
14 THE CALIFORNIA CORPORATIONS) ORDER BARRING LYN J. FLANAGAN
COMMISSIONER,) FROM ANY POSITION OF EMPLOYMENT,
15) MANAGEMENT OR CONTROL OF ANY
Complainant,) BROKER-DEALER OR INVESTMENT
16 v.) ADVISER PURSUANT TO CORPORATIONS
LYN J. FLANAGAN,) CODE SECTION 25213
17)
18)
Respondent.)
19)
20)
21)

22 TO: Lyn J. Flanagan
23 4478 Pebble Beach Dr.
Oceanside, CA 92057
24 or
25 18397 Camberwell Lane
San Diego, CA 92138

26 1. On December 21, 2006, the California Corporations Commissioner (“Commissioner”)
27 brought an action to bar Lyn J. Flanagan (“Flanagan”) from any position of employment,
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1 management or control of any broker-dealer or investment adviser pursuant to Corporations Code
2 section 25213.

3 2. The Central Registration Depository (“CRD”) records disclose that Flanagan (CRD #
4 2008612) was a registered representative with Commonwealth Equity Services, Inc., a registered
5 broker-dealer, from July 1999 until December 2003.

6 3. Flanagan was also individually licensed by the California Department of Insurance
7 (License # 0788416) as a Life Agent with Variable Contract authority.

8 4. Flanagan’s last known address on file with CRD is 18397 Camberwell Lane, San Diego,
9 California 92138. Flanagan’s last known address on file with the Department of Motor Vehicles and
10 with the Department of Insurance is 4478 Pebble Beach, Oceanside, California 92057.

11 5. In or about March 2004, Flanagan recommended a construction related investment to a
12 California resident who was Flanagan’s client while she was employed by Commonwealth Equity
13 Services, Inc.

14 6. In or about March 2004, the California investor gave Flanagan two checks payable to
15 “Lyn Falnagan” in the amount of \$9909.14 to purchase securities issued by Cole Collateralized
16 Senior Notes II, LLC. In or about April 2004, the investor gave Flanagan an additional \$2000.00 in
17 the form of a money order. Flanagan told the investor that she would receive 9% return on the
18 investment in two years.

19 7. The investor received quarterly statements dated 6/30/04 and 9/30/04 detailing the
20 purported investment with Cole Collateralized Senior Notes, II, LLC. The statements were on Cole
21 Capital Partners, LLC letterhead with an address of 2555 Saddleback Road, P.O. Box 400, San
22 Clemente, CA 93075.

23 8. When the investor stopped receiving statements, she contacted Cole Capital Partners,
24 LLC and discovered that the company was located in Phoenix, Arizona. Cole Capital Partners, LLC
25 did not issue the account statements. Further, there was no record of any purchase of Cole
26 Collateralized Senior Notes and the investor had no accounts with any Cole entity.

27 9. Flanagan deposited the investor’s money in her personal account and no securities were
28 purchased on the investor’s behalf.

1 10. Flanagan's employment with Commonwealth Equity Services, Inc. terminated on
2 December 31, 2003. Flanagan was subsequently employed as a registered representative with ING
3 Financial Partners, Inc., a registered broker-dealer, from August 2004 through May 15, 2005. In
4 March 2004, at the time Flanagan supposedly offered and sold the securities issued by Cole
5 Collateralized Senior Notes II, LLC to the California investor, Flanagan was not a registered
6 representative with any licensed broker-dealer.

7 11. Flanagan is subject to orders specified in Corporations Code section 25212, subdivision
8 (d). On March 28, 2006, the NASD suspended Flanagan from associating with any NASD
9 member firm in any capacity and on September 8, 2006, the NASD barred Flanagan from
10 associating with any NASD member firm in any capacity.

11 12. Flanagan committed acts and omissions enumerated in Corporations Code section 25212,
12 subdivision (e) by willfully violating Corporations Code section 25210 and 25401.

13 13. In March 2004, when Flanagan offered and purportedly sold securities issued by Cole
14 Collateralized Senior Notes II, LLC to a California investor, she was not a registered representative
15 with any licensed broker-dealer and did not have a certificate issued by the Commissioner to engage
16 in business as a broker-dealer. By engaging in unlicensed broker-dealer activity, Flanagan willfully
17 violated Corporations Code section 25210.

18 14. In connection with the offer and purported sale of the securities, Flanagan made
19 misrepresentations of material facts and omitted to state material facts. These misrepresentations
20 and omissions included, but are not limited to the following:

21 a. That the investor was investing in Cole Collateralized Senior Notes II, LLC when in fact
22 Flanagan deposited the investor's money in her personal account and no securities were purchased
23 on the investor's behalf;

24 b. Flanagan failed to disclose that her employment with Commonwealth Equity Services,
25 Inc. terminated on December 31, 2003 and she was not registered with any licensed broker-dealer;

26 c. Flanagan failed to disclose that she was not authorized by the Cole Capital Partners, LLC
27 or any other Cole entity to offer or sell any securities including Cole Collateralized Senior Notes.
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1 15. These misrepresentations and omissions of material facts constitute willful violations of
2 Corporations Code section 25401.

3 16. On December 20, 2006, the Commissioner issued a desist and refrain order to Flanagan
4 for acting as an unlicensed broker-dealer in violation of Corporations Code section 25210 and for
5 making material misrepresentations and omissions in connection with the offer and sale of securities
6 in violation of Corporations Code section 25401.

7 17. On December 28, 2006, December 30, 2006, January 2, 2007, and January 3, 2007, the
8 Commissioner attempted to personally serve Flanagan with the following documents: (1) Cover
9 Letter dated December 21, 2006; (2) Desist and Refrain Order; (3) Notice of Intention to Enter An
10 Order Barring Lyn Flanagan from Any Position of Employment, Management or Control of Any
11 Broker-Dealer or Investment Adviser; (4) Accusation; (5) Statement to Respondent; (6) Notice of
12 Defense; (7) Government Codes sections 11507.5, 11507.6 and 11507.7; and (8) Corporations Code
13 section 25532 at her last known address of 4478 Pebble Beach, Oceanside, California.

14 18. On February 11, 2007 and February 13, 2007, the Commissioner attempted to personally
15 serve Flanagan with the documents referenced in paragraph 17 at an address in North Syracuse, New
16 York.

17 19. On May 10, 2007, the Commissioner attempted to serve the documents referenced in
18 paragraph 17 on Flanagan by certified mail-return receipt to 4478 Pebble Beach, Oceanside,
19 California. The mail was returned marked "Moved-Left No Address – Unable to Forward." On
20 May 10, 2007 the Commissioner also attempted to serve the documents referenced in paragraph 17
21 by certified mail-return receipt to 18397 Camberwell Lane, San Diego, California. The mail was
22 returned marked "Undeliverable as Addressed."

23 20. On or about April 20, 2007, subsequent to the Commissioner's action to bar Flanagan
24 from any position of employment, management or control of any investment adviser, broker-dealer,
25 and commodity adviser, a felony complaint was filed in the Superior Court of the State of California,
26 County of San Diego, case number CD205953, charging Flanagan with eight counts of grand theft,
27 five counts of theft from an elder/dependent adult and 2 counts of residential burglary.
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21. On or about August 14, 2007, the Department of Insurance issued an order suspending Flanagan from participating in the business of an insurer or insurance production agency and from acting as an individual insurance producer.

Based upon the foregoing, the Commissioner finds it is in the public interest to bar Flanagan from any position of employment, management or control of any broker-dealer or investment adviser.

GOOD CAUSE APPEARING THEREFORE, IT IS ORDERED that Respondent Lyn J. Flanagan, also known as Lyn Jeanne Flanagan, is barred in the State of California from any position of employment, management or control of any broker-dealer or investment adviser pursuant to Corporations Code section 25213 because she is subject to orders specified in Corporations Code section 25212, subdivision (d) and has committed acts and omissions enumerated in Corporations Code section 25212, subdivision (e). This order is effective immediately.

Dated: August 20, 2007

PRESTON DuFAUCHARD
California Corporations Commissioner

By: _____
ALAN S. WEINGER
Lead Corporations Counsel
Enforcement Division