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STATE OF CALIFORNIA
BUSINESS, TRANSPORTATION AND HOUSING AGENCY
DEPARTMENT OF CORPORATIONS

TO: Christopher P. Epsha
Steven G. Thompson
Investco Management & Development LLC
2145 Nineteenth Avenue, Ste. 203
San Francisco, CA 94116

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

The California Corporations Commissioner finds that:

1. Investco Management & Development LLC (“IM&D”) was formed as a California limited liability company on February 17, 2006. Christopher P. Epsha (“Christopher Epsha”) was at all relevant times licensed in California as an attorney and as a real estate broker, and was a managing member of IM&D. Stephen G. Thompson (“Stephen Thompson”) was at all relevant times licensed in California as a real estate broker and was a managing member of IM&D. Christopher Epsha, Stephen Thompson, and IM&D have been engaged in the business of real estate management and have a business address of 2145 19th Avenue, Suite 203, San Francisco, CA, 94116.

2. Beginning in June 2006 and through April 2008, Christopher Epsha formed a series of California limited liability companies, with IM&D a managing member of each, starting with Investco AV7 LLC and numbered consecutively up through Investco AV22 LLC. IM&D offered and sold securities in the form of interests in several of these limited liability companies, including Investco AV12 LLC (“Investco 12”). Similar to the representations made to prospective members of these several limited liability companies, IM&D represented to prospective Investco 12 members that their investment funds would be used by IM&D to negotiate and contract to purchase at a favorable price specific real property in rural Los Angeles County, to manage the property for a period of time in anticipation of appreciation due to projected population growth, and then to sell the property either

1 “as is” or developed. IM&D disclosed that the compensation to be received for its management
2 responsibilities in Investco 12 would include a commission at the time of the purchase of the
3 property, a commission at the time of the eventual sale of the property, management fees over a four
4 year period, and a share of the profits upon the eventual sale of the property of 10% to 20%
5 depending on whether or not the property was developed.

6 3. In connection with these offers and sales, IM&D omitted to disclose the following
7 material facts:

8 a.) For each Investco LLC formed, IM&D had formed and were managers of a
9 corresponding consecutively numbered Landco LLC, specifically Landco AV7 LLC through
10 Landco AV22 LLC;

11 b.) With the exception of real property purchased directly by Investco AV10 LLC and
12 Investco AV11 LLC, for each real property purchased by an Investco LLC, a Landco LLC
13 had first purchased the same property only weeks or months before and at a substantially
14 lower price;

15 c.) Specifically, Investco 12 investors were not told that the real property they
16 purchased from Landco AV12 LLC (“Landco 12”) for \$375,000 (with an escrow closing date
17 of September 17, 2007) had been purchased by Landco 12 for \$207,850 just one month earlier
18 (with an escrow closing date of August 14, 2007), and that IM&D was to receive from the
19 sale of the real property by Landco 12 to Investco 12, 81.9% of the net profit and a total of
20 \$150,000 in profit, commissions, and management fees.

21 4. These securities were offered and sold in this state in issuer transactions. On behalf of
22 Investco 12 and other Investco AV limited liability companies, IM&D filed with the Department of
23 Corporations notices of sales of securities claiming exemptions from qualification pursuant to either
24 California Corporations Code Section 25102(f) or federal Rule 506 of Regulation D. The
25 Department of Corporations has not issued a permit or other form of qualification authorizing any
26 person or entity to offer and sell these securities in this state.

27 5. In offering these securities for sale to the public, Christopher Epsha, Steven
28 Thompson, and IM&D engaged in general solicitations including solicitations at trade show booths.

