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Texas State Securities Board

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MEMBER

IN THE MATTER OF	§
CHARLES WINN, LLC; CHARLIE	§
JAKE SMITH; OSCAR VALENTINE;	§
CHRISTIAN FONTÉ AKA CHRIS FONT;	§
CASEY FARRELL; JOE ADAMS; HELEN	§
STANLEY; AND MICHAEL JONES	§

Order No. ENF-20-CDO-1822

Charles Winn, LLC

300 Delaware Avenue, Suite 210, Wilmington, Delaware 19801
3524 Silverside Road, Suite 35b, Wilmington, Delaware 19810

Charlie Jake Smith

23 Lawrence Road, Romford RM2 5SS, United Kingdom
300 Delaware Avenue, Suite 210, Wilmington, Delaware 19801
3524 Silverside Road, Suite 35b, Wilmington, Delaware 19810

Oscar Valentine

300 Delaware Avenue, Suite 210, Wilmington, Delaware 19801
3524 Silverside Road, Suite 35b, Wilmington, Delaware 19810

Christian Fonté aka Chris Font

300 Delaware Avenue, Suite 210, Wilmington, Delaware 19801
3524 Silverside Road, Suite 35b, Wilmington, Delaware 19810

Casey Farrell

300 Delaware Avenue, Suite 210, Wilmington, Delaware 19801
3524 Silverside Road, Suite 35b, Wilmington, Delaware 19810

Joe Adams

300 Delaware Avenue, Suite 210, Wilmington, Delaware 19801
3524 Silverside Road, Suite 35b, Wilmington, Delaware 19810

Helen Stanley

300 Delaware Avenue, Suite 210, Wilmington, Delaware 19801
3524 Silverside Road, Suite 35b, Wilmington, Delaware 19810

Michael Jones

300 Delaware Avenue, Suite 210, Wilmington, Delaware 19801
3524 Silverside Road, Suite 35b, Wilmington, Delaware 19810

EMERGENCY CEASE AND DESIST ORDER

This is your OFFICIAL NOTICE of the issuance by the Securities Commissioner of the State of Texas ("**Securities Commissioner**") of an EMERGENCY CEASE AND DESIST ORDER pursuant to Section 23-2 of The Securities Act, Tex. Rev. Civ. Stats. Ann. arts. 581-1-581-45 (the "**Securities Act**").

The Enforcement Division of the Texas State Securities Board has presented evidence sufficient for the Securities Commissioner to find that:

FINDINGS OF FACT

1. Charles Winn, LLC ("**Respondent Charles Winn, LLC**"), is a limited liability company registered in Delaware. It maintains last known addresses of 300 Delaware Avenue, Suite 210, Wilmington, Delaware 19801, and 3524 Silverside Road, Suite 35b, Wilmington, Delaware 19810.
2. Charlie Jake Smith ("**Respondent Smith**") is a control person of Respondent Charles Winn, LLC. He has last known addresses of 23 Lawrence Road, Romford RM2 5SS, United Kingdom, 300 Delaware Avenue, Suite 210, Wilmington, Delaware 19801, and 3524 Silverside Road, Suite 35b, Wilmington, Delaware 19810. Respondent Smith is also registered as the director of the related United Kingdom registered companies Winn Charles Ltd. and Wynn Management Ltd.
3. Oscar Valentine ("**Respondent Valentine**") is an agent of Respondent Charles Winn, LLC. He has last known addresses of 300 Delaware Avenue, Suite 210, Wilmington, Delaware 19801, and 3524 Silverside Road, Suite 35b, Wilmington, Delaware 19810.
4. Christian Fonté aka Chris Font ("**Respondent Fonté**") is an agent of Respondent Charles Winn, LLC. He has last known addresses of 300 Delaware Avenue, Suite 210, Wilmington, Delaware 19801, and 3524 Silverside Road, Suite 35b, Wilmington, Delaware 19810.
5. Casey Farrell ("**Respondent Farrell**") is an agent of Respondent Charles Winn, LLC. He has last known addresses of 300 Delaware Avenue, Suite 210, Wilmington, Delaware 19801, and 3524 Silverside Road, Suite 35b, Wilmington, Delaware 19810.
6. Joe Adams ("**Respondent Adams**") is an agent of Respondent Charles Winn, LLC. He has last known addresses of 300 Delaware Avenue, Suite 210, Wilmington, Delaware 19801, and 3524 Silverside Road, Suite 35b, Wilmington, Delaware 19810.
7. Helen Stanley ("**Respondent Stanley**") is an agent of Respondent Charles Winn, LLC. She has last known addresses of 300 Delaware Avenue, Suite 210, Wilmington, Delaware 19801, and 3524 Silverside Road, Suite 35b, Wilmington, Delaware 19810.

8. Michael Jones ("**Respondent Jones**") is an agent of Respondent Charles Winn, LLC. He has last known addresses of 300 Delaware Avenue, Suite 210, Wilmington, Delaware 19801, and 3524 Silverside Road, Suite 35b, Wilmington, Delaware 19810.

THE INVESTMENTS IN
THE WINE BROKERAGE PROGRAM

9. Respondent Charles Winn, LLC, is publicly soliciting investments in its wine brokerage program by engaging in unsolicited telephone calls with Texas residents.
10. Respondent Charles Winn, LLC, Respondent Smith, Respondent Valentine, Respondent Fonté, Respondent Farrell, Respondent Adams, Respondent Stanley, and Respondent Jones (collectively "**Respondents**"), collectively claim investments in Respondent Charles Winn, LLC's wine brokerage program produce returns between 15 and 27 percent per year.
11. Respondents represent the fine wine brokerage program is structured as follows:
 - A. Respondents identify and purchase fine wines on behalf of investors to develop individualized portfolios for investors;
 - B. Investors are given the option to store the wine themselves, however Respondents also offer to manage and store the wine in a wine storage facility; and
 - C. Respondents generate returns for investors by selling the fine wines to their list of clients, which includes hotels, restaurants, and casinos, and they charge ten percent of the profits of such sales.
12. Respondents represent that they have the expertise needed to buy, manage, and sell fine wines for the benefit of investors, but do not provide any information as to their qualifications or experience in the wine industry.
13. Additionally, while Respondents tout the profitability of investments in the wine brokerage program, Respondents do not provide any information relating to the identities of the principals and managers for Respondent Charles Winn, LLC.

THE SALES PITCH LEVERAGES CONCERNS OF
RECENT CHANGES IN THE FINANCIAL MARKETS DUE TO COVID-19

14. Respondent Charles Winn, LLC, is claiming that fine wine has protected wealth far better than most mainstream asset classes in the last two "global financial crises," including the "global financial crises" in 2007-09 and 2020.
15. Respondent Charles Winn, LLC, is claiming the "second global financial crash" in a little over a decade has "destroyed" most major asset classes, including equities, commodities, corporate debt and crypto assets, but that fine wine has retained most of its gains and has now outperformed all major assets between 1988 and the present.

PREVIOUS INVESTMENTS IN THE
WINE BROKERAGE PROGRAM AND THE "BAIT AND SWITCH"

16. Respondents have previously sold investments in the wine brokerage program to investors across the United States, touting their abilities to produce returns for investors by selling the fine wines to their customer base.
17. However, after investors purchased investments in the wine brokerage program, Respondents told investors that in order to sell their fine wines, the investors needed to purchase additional fine wines to diversify and make their portfolios more attractive to buyers.
18. This information about additional purchases required in order to produce returns was not disclosed to investors prior to purchasing their initial investments in the wine brokerage program.

CLAIMS ABOUT THE LOCATION
OF RESPONDENT CHARLES WINN, LLC

19. Respondents claim that Respondent Charles Winn, LLC, has offices in Delaware, located at 300 Delaware Avenue, Suite 210, Wilmington, Delaware 19801, and 3524 Silverside Road, Suite 35b, Wilmington, Delaware 19810. These claims are misrepresentations in light of the following facts:
 - A. 300 Delaware Avenue, Suite 210, Wilmington, Delaware 19801, is a virtual office site with no physical presence by Respondent Charles Winn, LLC;
 - B. 3524 Silverside Road, Suite 35b, Wilmington, Delaware 19810, is the address of Advantage Delaware, LLC, the registered agent of Respondent Charles Winn, LLC; and
 - C. Respondents are in fact located in the United Kingdom.

REGISTRATION VIOLATIONS

20. Respondents have not been registered with the Securities Commissioner as dealers or agents at any time material hereto.
21. The investments in the wine brokerage program have not been registered by qualification, notification, or coordination at any time material hereto, and no permit has been granted for their sale in Texas.

FRAUD AND THE CONCEALMENT OF
INFORMATION RELATING TO PRINCIPALS, MANAGERS, AND AGENTS

22. In connection with the offer of investments in the wine brokerage program, Respondents are intentionally failing to disclose the identities of the principals and

managers of Respondent Charles Winn, LLC, and this information constitutes a material fact.

23. In connection with the offer of investments in the wine brokerage program, Respondents are intentionally failing to disclose the experience, business repute, and qualifications of the principals and managers of Respondent Charles Winn, LLC, and this information constitutes a material fact.
24. In connection with the offer of investments in the wine brokerage program, Respondents are misrepresenting the identities of the agents of Respondent Charles Winn, LLC, and this constitutes a misrepresentation of a relevant fact.

FRAUD AND DECEPTION AND
THE BUSINESS OF RESPONDENT CHARLES WINN, LLC

25. In connection with the offer of investments in the wine brokerage program, Respondents are intentionally failing to disclose the assets, liabilities, and other financial information of Respondent Charles Winn, LLC, and this information constitutes a material fact.
26. In connection with the offer of investments in the wine brokerage program, Respondents are intentionally failing to disclose information on the performance of previous investments sold in the wine brokerage program, including information relating to the difficulties Respondents have had finding buyers for the wine, and this information constitutes a material fact.
27. In connection with the offer of investments in the wine brokerage program, Respondents are intentionally failing to disclose the risks associated with the investments, including the risk Respondents will be unable to find a buyer for the wine in the future, and this information constitutes a material fact.
28. In connection with the offer of investments in the wine brokerage program, Respondents are intentionally failing to disclose the method of calculation of the price of the wines acquired, including the markup charged by Respondent Charles Winn, LLC, on said wines, and this information constitutes a material fact.
29. In connection with the offer of investments in the wine brokerage program, Respondents are intentionally failing to disclose that salesmen are paid commissions for sales of investments, and this information constitutes a material fact.
30. In connection with the offer of investments in the wine brokerage program, Respondents are misrepresenting that no commissions are paid for sales of investments in the wine brokerage program, and this constitutes a misrepresentation of a relevant fact.
31. In connection with the offer of investments in the wine brokerage program, Respondents are representing the physical address of Respondent Charles Winn, LLC, as 300 Delaware Avenue, Suite 210, Wilmington, Delaware 19801 and 3524

Silverside Road, Suite 35b, Wilmington, Delaware 19810, and this constitutes a misrepresentation of a relevant fact.

32. Respondents are representing that Respondent Charles Winn, LLC, has been in business for 14 years. This representation is materially misleading or otherwise likely to deceive the public in light of the fact that Respondent Charles Winn, LLC, has only been a limited liability company registered in Delaware since August 3, 2017.

CONCLUSIONS OF LAW

1. The investments in the wine brokerage program are securities as the term is defined by Section 4.A of the Securities Act.
2. Respondents are violating Section 7 of the Securities Act by offering securities for sale in Texas at a time when the securities are not registered with the Securities Commissioner.
3. Respondents are violating Section 12 of the Securities Act by offering securities for sale in Texas without being registered pursuant to the provisions of Section 12 of the Securities Act.
4. Respondents are engaging in fraud in connection with the offer for sale of securities.
5. Respondents have made offers containing a statement that is materially misleading or otherwise likely to deceive the public.
6. Respondents' conduct, acts, and practices threaten immediate and irreparable public harm.
7. The foregoing violations constitute bases for the issuance of an Emergency Cease and Desist Order pursuant to Section 23-2 of the Securities Act.

ORDER

1. It is therefore ORDERED Respondents immediately CEASE AND DESIST from offering for sale any security in Texas until the security is registered with the Securities Commissioner or is offered pursuant to an exemption from registration under the Securities Act.
2. It is further ORDERED Respondents immediately CEASE AND DESIST from acting as a securities dealer or agent in Texas until Respondents are registered with the Securities Commissioner or are acting pursuant to an exemption from registration under the Securities Act.
3. It is further ORDERED Respondents immediately CEASE AND DESIST from engaging in any fraud in connection with the offer for sale of any security in Texas.

4. It is further ORDERED Respondents immediately CEASE AND DESIST from offering securities in Texas through an offer containing a statement that is materially misleading or otherwise likely to deceive the public.

NOTICE

Pursuant to Section 23-2 of the Securities Act, you may request a hearing before the 31st day after the date you were served with this Order. The request for a hearing must be in writing, directed to the Securities Commissioner, and state the grounds for the request to set aside or modify the Order. Failure to request a hearing will result in the Order becoming final and non-appealable.

You are advised under Section 29.D of the Securities Act that any knowing violation of an order issued by the Securities Commissioner under the authority of Section 23-2 of the Texas Securities Act is a criminal offense punishable by a fine of not more than \$10,000, or imprisonment in the penitentiary for two to ten years, or by both such fine and imprisonment.

SIGNED AND ENTERED by the Securities Commissioner this 22nd day of October 2020.



TRAVIS J. ILES
Securities Commissioner