
SEC Charges Real Estate Company for Raising More Than \$54 Million Through an Unregistered Securities Offering

ADMINISTRATIVE PROCEEDING

File No. 3-21238

November 9, 2022 - The Securities and Exchange Commission today announced settled charges against San Juan Capistrano, California-based PIC Renegade Properties, LLC, the general partner of a real estate investment fund, for engaging in an unregistered securities offering. According to the SEC's order, from mid-2015 to 2019, PIC Renegade Properties raised over \$54 million for the fund from approximately 140 investors without registering the offering or qualifying for a registration exemption.

PIC Renegade Properties did not qualify for the registration exemption on which it purportedly relied, Rule 506(c) of Regulation D, because it failed to take reasonable steps to verify all investors were accredited. For example, PIC Renegade Properties failed to obtain financial information or documents to verify whether a number of investors had sufficient income, net worth, or assets to be accredited. It accepted investments from investors despite receiving documents indicating the investors did not meet accreditation standards. It also failed to consider the financial status of entities, which have different accreditation criteria than individuals.

As a result of its failures to take reasonable steps to verify investors were accredited, PIC Renegade Properties improperly sold securities to certain unaccredited investors, including an individual who invested retirement funds and a trust established for the care of an elderly person. The unpredictable nature of the investments and risk of potentially significant losses underscored the risks from failing to verify all investors were accredited.

The SEC's order finds PIC Renegade Properties violated the registration provisions of Section 5(a) and 5(c) of the Securities Act of 1933, which prohibit the sale and offer of securities unless a registration statement has been filed with the Commission and is in effect. Without admitting or denying the SEC's findings, PIC Renegade Properties consented to a cease-and-desist order and agreed to pay a \$400,000 penalty.

The SEC's investigation was conducted by Ashley Sprague, John McNulty and Dan Furlano, with assistance from Eugene Hansen and James Carlson. The investigation was supervised by Lisa Deitch, Peter Rosario and Stacy Bogert.

Related Materials

- [Order - PIC Renegade Properties, LLC](#)

Modified: Nov. 9, 2022