

BUSINESS

SEC: Pot stock scams could burn investors

Agency suspends another company's trading as it warns investors of fraud.

IRVINE • Investors in the booming marijuana business should be on the lookout for fraud, the Securities and Exchange Commission says, after the agency on Friday suspended trading in another pot stock, the fifth to be suspended this year.



BROOKE EDWARDS STAGGS
STAFF WRITER

One of those suspensions was for Irvine-based CannaBusiness Group Inc., which bounced between industries before announcing in February it would start providing services for marijuana growers. The company's 10-day suspension is set to expire at midnight tonight, though it will have to meet certain reporting requirements before regular trading resumes.

Many penny stock companies have joined the "green rush" this year, with 20 states now allowing medical marijuana and Colorado and Washington legalizing recreational use. That's led to a surge in share prices and volumes for otherwise thinly traded penny stocks - and a sharp increase in the number of complaints from investors, according to an alert the SEC issued Friday.

"We know from experience that fraudsters follow the headlines," Lori Schock, director of the SEC's Office of Investor Education and Advocacy, said in a statement. "Given the attention that marijuana-related companies have attracted recently, we urge investors to exercise caution when looking at investments in this space."

The SEC alert states, "When publicly available information is scarce, fraudsters can more easily spread false information about a company, making profits for themselves while creating losses for unsuspecting investors."

The alert came the same day the SEC suspended trading in Denver-based FusionPharm Inc. The agency has also sus-

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JOSHUA SUDOCK, STAFF PHOTOGRAPHER

Boot Barn's reach has expanded in recent years through growth and acquisitions led by its owner, private equity firm Freeman Spogli & Co. Started by the Meany family in Huntington Beach, the chain now has more than 150 locations in the U.S.

CHAIN BUILDS ON WESTERN Foothold

Irvine-based Boot Barn eyes a public stock offering as it quietly buys up competitors in Western-wear strongholds like Colorado, Texas and Louisiana.

BY **LILY LEUNG**
STAFF WRITER

To those who have never walked into a Boot Barn store, let's clear up some likely misconceptions.

For one, the store did not originate in Texas or anywhere in the Midwest. And second, its core customer isn't a rodeo cowboy - even though the retailer has partnered with professionals in the field to promote the brand.

In reality, the company, arguably one of the largest Western-wear businesses in the nation, started as a single storefront in Huntington Beach before growing into more than 150 stores. Its clientele ranges from fashionistas on the



COURTESY OF BOOT BARN

Boot Barn offers boots for fashion as well as work.

hunt for rhinestone-studded belts and handbags to workers seeking footwear that can withstand the grit of construction sites.

"There's no real cowboy story," said Patrick Meany, son of founder Ken Meany and former company chief executive. "Half of the business was work boots and work apparel. The Western (portion) got bigger and bigger over time."

The homegrown business, which still calls Orange County its base, has been swiftly yet quietly growing its presence nationwide under its current owner, Los Angeles-based private equity firm Freeman Spogli & Co.

Boot Barn's next big move is possibly going

SEE **BOOTS** • PAGE 4

MORE INSIDE



FISKER OWNER TAKES ON MUSK

Lu Guanqiu, the Chinese billionaire who bought Fisker at a bankruptcy auction, is planning to build a new slate of electric-drive cars in the U.S., challenging Tesla on its home turf. **Page 3**

IRVINE CO. BUYS CHICAGO TOWER

The Irvine Co. of Newport Beach announced plans to buy its second downtown Chicago skyscraper, signing a contract to pay \$850 million for 300 N. LaSalle, a 60-story, 1.3 million-square-foot office tower. **Page 3**

STOCKS EDGE HIGHER

Stocks finished slightly higher on Monday, adding to the small gains the market carved out at the end of last week. Investors focused on news of corporate deals. The Dow gained more than 20 points. **Page 8**

ASK EMILY

Doctors, hospitals face Obamacare mismatches

What good is it to have a health plan if you can't find doctors and hospitals to accept it?

That question rushes to mind every time a frustrated reader writes in to describe his or her nightmarish, Kafkaesque quest to find care.

I'm also hearing from frustrated medical providers, including Dr. Nelson Branco, a pediatrician in Marin County. Branco was one of more than 2,300 California doctors who participated in a survey conducted by the Cal-

ifornia Medical Association in April.

The survey found that 80 percent of those who responded were, at some point, confused about their participation in health plans sold by Covered California, the state's health insurance exchange.

That was "at some point." Right now? One in five doctors remain confused.

Poor consumers! What chance do you have to find a doctor in your network if doctors themselves don't

know?

In today's column, I'm sorry to have to describe yet another pitfall that could complicate your ability to receive care from a doctor who participates in your health plan.

Q. I bought a Blue Shield plan, which my physician is on. But the only hospital where my doctor has privileges is not contracted with Blue Shield. Is this problematic?

A. As a matter of fact, yes.

Let's say you need surgery. Your doctor, who is in your network, plans to perform the procedure at a nearby hospital, the only hospital where she has privileges.

You do a little homework (because that's what you have to do in this new insurance environment), and you discover that the hospital isn't in your plan's network.

Uh-oh.

As more Californians start to use their new health insurance, they're finding these kinds of doctor and hospital mismatches. Sure, there may be hospitals in your network. But they're not necessarily the ones to which your physician can admit patients.

These mismatches often are a result of newly cre-

SEE **BAZAR** • PAGE 4

MARKET RECAP



Dow Industrials
Close: 16,511.86
Change: +20.55



Nasdaq Index
Close: 4,125.82
Change: +35.23



S&P 500 Index
Close: 1,885.08
Change: +7.22



10-year Treasury:
Close: 2.54%
Change: +0.02



Oil per barrel:
Close: \$102.61
Change: -\$0.59



O.C. gas prices:
Gallon: \$4.168
Change: -\$0.002

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