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10 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION  
 11 OF THE STATE OF CALIFORNIA

12 In the Matter of: ) CRD Nos. 146706, 5522751  
 13 )  
 14 THE COMMISSIONER OF FINANCIAL ) SETTLEMENT AGREEMENT  
 PROTECTION AND INNOVATION, )  
 15 )  
 16 Complainant, )  
 v. )  
 17 )  
 18 GT MANAGEMENT GROUP, INC., an )  
 entity; and GARY CHOW, an individual, )  
 19 )  
 Respondents. )  
 20 )

21  
 22 I.  
 23 **RECITALS**

24 A. The Commissioner of Financial Protection and Innovation (Commissioner), GT  
 25 Management Group, Inc. and Gary Chow (Respondents) (collectively the Parties), enter this  
 26 Settlement Agreement with respect to the following facts:  
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1 B. The Commissioner has jurisdiction over the licensing and regulation of investment  
2 advisers in California under the Corporate Securities Law of 1968 (CSL)<sup>1</sup> (Corporations Code  
3 section 25000 et seq.), sections 25232, 25232.1, and 25252, and accompanying regulations in  
4 California Code of Regulations, title 10, section 260.000 et seq.

5 C. At all relevant times, GT Management Group Inc., (GTM) is, or was, a California  
6 corporation formed on or about August 16, 1999, with its principal place of business located at 300  
7 S. Lemon Creek Drive, Unit B, Walnut, California 91789.

8 D. On June 30, 2008, the Commissioner issued an investment adviser certificate Central  
9 Registration Depository (CRD) No. 146706 to GTM pursuant to section 25230 of the CSL.

10 E. Gary Chow (Chow) is the president and principal of GTM and has been licensed by  
11 the Commissioner as an investment adviser representative since August 18, 1999 (CRD No.  
12 5522751). Chow is also a “control” person of GTM as that term is defined by Corporations Code  
13 section 160. Chow and GTM are hereafter referred to as Respondents.

14 F. Respondents operate and control several corporate accounts that are identical to  
15 unregistered investment pools and hedge funds or pooled investment funds. As part of their  
16 investment advisory business, Respondents recommend various pooled investment funds to their  
17 clients to invest in, including pooled funds maintained with TD Ameritrade identified as: #2299; GC  
18 1050 Fund; 992 Enterprises; VIX; NO-BS#1; NO-BS#2; and Gifts after Six Account (GAS).

19 The 2009 Regulatory Examination

20 G. On October 6, 2009, the Commissioner commenced a regulatory examination of the  
21 books and records of GTM pursuant to section 25241 (2009 Examination). Based on the  
22 Commissioner’s findings during the 2009 Examination, on June 29, 2012, the Commissioner issued  
23 an Accusation (2012 Accusation) against GTM alleging that:

24 (i) GTM and Chow offered and sold unqualified nonexempt securities in  
25 the form of limited partnership interests in GC 1050 Fund to investors, in violation of section 25110.

26 (ii) GTM and Chow acted as uncertified investment advisers prior to being  
27 issued a certificate in 2008, in violation of section 25230(a).

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<sup>1</sup> All further references are to the Corporations Code unless otherwise indicated.

1 (iii) GTM and Chow engaged in the business of advising clients as to the  
2 advisability of investing in, purchasing and selling securities prior to being issued a certificate in  
3 2008, receiving more than \$216,000 in compensation for their unlicensed business.

4 (iv) GTM and Chow made material misstatements and/or omissions in  
5 their application for an investment adviser certificate, in violation of section 25245, including (a)  
6 stating that they had not provided investment advisory services to any clients during their last fiscal  
7 year when, in fact, GTM did provide such services, and had been providing such services since 2002  
8 without a license; (b) failing to disclose the amount of assets and accounts under management during  
9 its last fiscal year; (c) stating that no related person is a general partner in an investment-related  
10 partnership or manager of an investment-related limited liability company when, in fact, Chow was  
11 managing partner for the GC 1050 Fund; and (d) failing to disclose information related to the GC  
12 1050 Fund.

13 H. GTM failed to file financial reports since an investment adviser certificate was issued  
14 on June 30, 2008, in violation of section 25241 and Cal. Code Regs. tit. 10, §260.241.2.

15 I. On or about March 16, 2013, Respondents executed a settlement agreement and  
16 stipulation with the Commissioner stipulating to issuance of an “Order Suspending Investment  
17 Adviser Certificate from New Business and Imposing Administrative Penalties Pursuant to  
18 Corporations Code Section 25252.” (2013 Order). The 2013 Order further assessed administrative  
19 penalties against Respondents totaling \$18,500 for the violations noted in the 2009 Examination.

20 The 2021 Regulatory Examination

21 J. In or about June 2021, the Commissioner commenced a regulatory examination of the  
22 books and records of Respondents pursuant to section 25241 (2021 Examination). The 2021  
23 Examination revealed several violations of the CSL by Respondents, some of which were repeat  
24 violations from the 2009 Examination including, but not limited to, the following:

25 (i) Respondents willfully engaged in fraudulent acts in violation of  
26 section 25235(a)(b) and Cal. Code Regs. tit. 10, § 260.237.

27 (ii) Respondents failed to maintain books and records, in violation of  
28 section 25241 and Cal. Code Regs. tit. 10, § 260.214.3, including failing to file annual reports or  
interim reports, in violation of Cal. Code Regs. tit. 10, § 260.241.2.

1 (iii) Respondents failed to maintain the minimum financial net worth, in  
2 violation of Cal. Code Regs. tit. 10, § 260.237.2.

3 (iv) Respondents engaged in fraudulent acts or activities that do not  
4 promote fair, equitable and ethical principles, in violation of sections 25235, 25238, and Cal. Code  
5 Regs. tit. 10, § 260.238, including making false statements to the Commissioner, in violation of  
6 section 25245; willfully charging fees on non-qualified clients, in violation of section 25234 (a)(1)  
7 and Cal. Code Regs. tit. 10, § 260.234 (b)(3).

8 (v) Respondents offered and sold unqualified nonexempt securities to  
9 investors, in violation of section 25110.

10 (v) Respondents failed to comply with reporting requirements, in violation  
11 of Cal. Code Regs. tit. 10, § 260.236.1, including failing to file form ADV Annual Updating  
12 Amendments, in violation of section 25241 and Cal. Code Regs. tit. 10, § 260.241.4; and failing to  
13 comply with advertisement standards, in violation of Cal. Code Regs. tit. 10, § 260.302.

14 K. On December 12, 2023, the Commissioner issued an Accusation with accompanying  
15 pleadings seeking to (i) revoke Respondents' investment adviser certificates pursuant to section  
16 25232 on the basis that Respondents unlawfully engaged in business as investment advisers by  
17 repeatedly violating several provisions of the CSL; (ii) bar Chow pursuant to section 25232.1 on the  
18 grounds that the bar is in the public interest and Chow willfully made false or misleading statements  
19 or willfully omitted to state material fact in the report filed with the Commissioner; and chow  
20 willfully violated provisions of the Securities Act of 1933, the Securities Exchange Act of 1934, or  
21 the Investment Advisers Act of 1940; and (iii) levy penalties pursuant to section 25252  
22 (Enforcement Action).

23 L. Respondents filed timely requests for a hearing to contest the Enforcement Action  
24 and waived the right to a hearing within 15 days. A two-day telephone/videoconference hearing is  
25 scheduled to be held on November 4-5, 2024, at 9:00 a.m., using the Zoom application.

26 M. The Parties desire to enter this Settlement Agreement which the Commissioner finds  
27 is in the public interest and consistent with the purposes fairly intended by the policies and  
28 provisions of the CSL.

1 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions set  
2 forth herein, the Parties agree as follows:

3 **II.**

4 **Terms and Conditions**

5 1. Purpose. This Settlement Agreement resolves the issues before the Commissioner, set  
6 forth in paragraphs A-L above, in a manner that avoids the expense of a hearing and other possible  
7 court proceedings, protects consumers, is in the public interest, and is consistent with the purposes,  
8 policies, and provisions of the CSL.

9 2. Finality of Settlement Agreement. GTM and Chow agree to comply with this  
10 Settlement Agreement and stipulate that this Settlement Agreement is hereby deemed final.

11 3. Order to Discontinue Violations. GTM and Chow hereby agree, and the  
12 Commissioner orders, that in accordance with Corporations Code section 25249, GT Management  
13 Group, Inc. and Gary Chow will immediately discontinue the violations set forth herein.

14 4. Orders Revoking Investment Adviser Certificates. Pursuant to section 25232,  
15 subdivision (e), the investment adviser certificates of GT Management Group, Inc., CRD No.  
16 146706, and Gary Chow, CRD No. 5522751, are hereby revoked. Respondents further agree to the  
17 finality of these orders.

18 5. Order Barring Chow from Employment. Pursuant to section 25232.1., Gary Chow,  
19 CRD No. 5522751 is hereby barred from any position of employment, management or control of any  
20 investment adviser, broker-dealer, or commodity adviser. Gary Chow agrees that he will not reapply  
21 for registration as an investment adviser in California for at least 10 years from the Effective Date of  
22 this Settlement Agreement as defined in paragraph 27.

23 6. Penalty. Respondents shall pay to the Commissioner penalties in the amount of \$50,000  
24 no later than 30 days after the Effective Date. The penalties must be made payable in the form of a  
25 cashier's check or Automated Clearing House deposit transmitted to the attention of Accounting –  
26 Litigation, at the Department of Financial Protection and Innovation, 2101 Arena Boulevard,  
27 Sacramento, California 95834. Notice of the payment must be concurrently sent to Uche Enenwali,  
28 Senior Counsel, Enforcement Division, by email at: uche.enenwali@dfpi.ca.gov. In the event the  
payment due date falls on a weekend or holiday, the payment shall be due the next business day.

1           7.       Withdrawal of Hearing Request and Waiver of Hearing Rights. Respondents  
2 acknowledge the Commissioner is ready, willing, and able to proceed with a hearing on the  
3 Enforcement Action and on the charges contained in this Settlement Agreement. Respondents  
4 hereby withdraw their requests for hearing filed with the Commissioner. Further, Respondents waive  
5 the right to any hearings, and to any reconsideration, appeal, or other right to review which may be  
6 afforded pursuant to the CSL, the California Administrative Procedure Act, the California Code of  
7 Civil Procedure, or any other provision of law; and by waiving such rights, Respondents effectively  
8 consent to this Settlement Agreement becoming final, including those rights under California  
9 Corporations Code sections 25232, 25232.1 and 25233, and to judicial review of this matter pursuant  
10 to California Code of Civil Procedure section 1094.5 with respect to the issuance of this Settlement  
11 Agreement and the order to discontinue violations, order barring Chow from employment, and  
12 revocation orders contained herein.

13           8.       Full and Final Settlement. The Parties hereby acknowledge and agree that this  
14 Settlement Agreement is intended to constitute a full, final and complete resolution of the violations  
15 described herein, and that no further proceedings or actions will be brought by the Commissioner in  
16 connection with these matters under the CSL or any other provision of law, excepting therefrom any  
17 proceeding to enforce compliance with the terms of this Settlement Agreement.

18           9.       Failure to Comply with Settlement Agreement. Respondents agree that if they fail to  
19 comply with the terms of this Settlement Agreement, the Commissioner may, in addition to all other  
20 available remedies it may invoke under the CSL, summarily suspend/revoke the investment advisory  
21 licenses of Respondents until Respondents are in compliance. Respondents waive any notice and  
22 hearing rights to contest such summary suspensions which may be afforded under the CSL, the  
23 California Administrative Procedure Act, the California Code of Civil Procedure, or any other  
24 provision of law in connection therewith.

25           10.      Information Willfully Withheld or Misrepresented. Notwithstanding paragraph 15,  
26 this Settlement Agreement may be revoked, and the Commissioner may pursue any and all remedies  
27 available under law against Respondents if the Commissioner discovers that Respondents knowingly  
28 or willfully withheld or misrepresented material information.

1           11.    Future Actions by Commissioner. If Respondents fail to comply with any terms of  
2 this Settlement Agreement, the Commissioner may institute proceedings for any and all violations  
3 otherwise resolved under this Settlement Agreement and bring any actions against Respondents, or  
4 any of their partners, owners, officers, shareholders, directors, employees or successors for any and  
5 all unknown violations of the CSL.

6           12.    Assisting Other Agencies. Nothing in this Settlement Agreement limits the  
7 Commissioner’s ability to assist any other government agency (city, county, state, or federal) with  
8 any prosecution, administrative, civil or criminal brought by that agency against Respondents or any  
9 other person based upon any of the activities alleged in this matter or otherwise.

10          13.    Headings. The headings to the paragraphs of this Settlement Agreement are inserted  
11 for convenience only and will not be deemed a part hereof or affect the construction or interpretation  
12 of the provisions hereof.

13          14.    Binding. This Settlement Agreement is binding on all heirs, assigns, and/or  
14 successors in interest.

15          15.    Reliance: Each of the Parties represents, warrants, and agrees that in executing this  
16 Settlement Agreement it or s/he has relied solely on the statements set forth herein and the advice of  
17 its, his or her own counsel, if represented. Each of the Parties further represents, warrants, and agrees  
18 that in executing this Settlement Agreement it or s/he has placed no reliance on any statement,  
19 representation, or promise of any other party, or any other person or entity not expressly set forth  
20 herein, or upon the failure of any party or any other person or entity to make any statement,  
21 representation or disclosure of anything whatsoever. The Parties have included this clause: (1) to  
22 preclude any claim that any party was in any way fraudulently induced to execute this or Settlement  
23 Agreement; and (2) to preclude the introduction of parol evidence to vary, interpret, supplement, or  
24 contradict the terms of this Settlement Agreement.

25          16.    Waiver, Amendments, and Modifications. No waiver, amendment, or modification of  
26 this Settlement Agreement will be valid or binding unless it is in writing and signed by each of the  
27 Parties. The waiver of any provision of this Settlement Agreement will not be deemed a waiver of  
28 any other provision. No waiver by either party of any breach of, or of compliance with, any

1 condition or provision of this Settlement Agreement by the other party will be considered a waiver  
2 of any other condition or provision or of the same condition or provision at another time.

3 17. Full Integration. This Settlement Agreement is the final written expression and the  
4 complete and exclusive statement of all the agreements, conditions, promises, representations, and  
5 covenant between the Parties with respect to the subject matter hereof, and supersedes all prior or  
6 contemporaneous agreements, negotiations, representations, understandings, and discussions  
7 between and among the Parties, their respective representatives, and any other person or entity, with  
8 respect to the subject matter covered hereby.

9 18. No Presumption Against Drafting Party. Each party acknowledges that it has had the  
10 opportunity to draft, review, and edit the language of this Settlement Agreement. Accordingly, the  
11 Parties intend that no presumption for or against the drafting party will apply in construing any part  
12 of this Settlement Agreement. The Parties waive the benefit of California Civil Code section 1654 as  
13 amended or corresponding provisions of any successor statute, which provide that in cases of  
14 uncertainty, language of a contract should be interpreted most strongly against the party that caused  
15 the uncertainty to exist.

16 19. Independent Legal Advice. Each of the Parties represents, warrants, and agrees that it  
17 has received, or had the opportunity to receive, independent advice from its or his or her attorney(s)  
18 and/or representatives with respect to the advisability of executing this Settlement Agreement.

19 20. Governing Law. This Settlement Agreement will be governed by and construed in  
20 accordance with California law. Each of the Parties hereto consents to the jurisdiction of such court,  
21 and hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient  
22 forum to the maintenance of such action or proceeding in such court.

23 21. Effect Upon Future Proceedings. If Respondents apply for any license, permit or  
24 qualification under the Commissioner's current or future jurisdiction or are the subject of any future  
25 action by the Commissioner to enforce this Settlement Agreement, then the subject matter hereof  
26 shall be admitted for the purpose of such application(s) or enforcement proceedings(s).

27 22. Voluntary Agreement. Respondents enter into this Settlement Agreement voluntarily  
28 and without coercion and acknowledge that no promises, threats or assurances have been made by  
the Commissioner or any officer, or agent thereof, about this Settlement Agreement. The Parties



1 each represent and acknowledge that they are executing this Settlement Agreement completely  
2 voluntarily and without any duress or undue influence of any kind from any source.

3 23. Counterparts. This Settlement Agreement may be executed in one or more separate  
4 counterparts, each of which when so executed, shall be deemed an original. Such counterparts shall  
5 together constitute a single document.

6 24. Notice. Any notice required under this Settlement Agreement shall be provided to  
7 each party at the following addresses:

8 To Respondents: Gary Chow  
9 880 Bridgewater Lane  
10 Walnut, California 91789  
11 gchow@earthlink.net

12 To the Commissioner: Uche L. Enenwali, Senior Counsel  
13 Department of Financial Protection and Innovation  
14 320 West 4th Street, Suite 750  
15 Los Angeles, California 90013  
16 Uche.Enenwali@dfpi.ca.gov

17 25. Signatures. A fax or electronic mail signature shall be deemed the same as an original  
18 signature.

19 26. Public Record. Respondents hereby acknowledge that this Settlement Agreement is a  
20 matter of public record.

21 27. Effective Date. This Settlement Agreement shall become final and effective when  
22 signed by all Parties and delivered by the Commissioner's agent via e-mail to: gchow@earthlink.net.

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28. Authority to Sign. Each signatory hereto covenants that he/she possesses all necessary capacity and authority to sign and enter into this Settlement Agreement and undertakes the obligations set forth herein.

Dated: October 28, 2024

CLOTHILDE V. HEWLETT  
Commissioner of Financial Protection and Innovation

By \_\_\_\_\_  
MARY ANN SMITH  
Deputy Commissioner  
Enforcement Division

Dated: October 28, 2024

GT MANAGEMENT GROUP, INC.

By \_\_\_\_\_  
GARY CHOW, CEO  
As an individual and on behalf of GT Management  
Group, Inc.