

1 MARY ANN SMITH  
Deputy Commissioner  
2 DANIEL P. O'DONNELL  
Assistant Chief Counsel  
3 RYAN M. CASSIDY (State Bar No. 340274)  
Counsel  
4 Department of Financial Protection and Innovation  
5 2101 Arena Boulevard  
6 Sacramento, CA 95834  
7 Telephone: (916) 764-8358  
Attorneys for Complainant

8 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION  
9 OF THE STATE OF CALIFORNIA

11 In the Matter of:  
12 THE COMMISSIONER OF FINANCIAL  
PROTECTION AND INNOVATION,  
13 Complainant,  
14 v.  
15 HSB CAPITAL ADVISORS LLC  
16 Respondent.

OAH No.: 2024110412  
CRD No.: 290889  
SETTLEMENT AGREEMENT  
Hearing Date: February 13, 2025  
Hearing Time: 9:00 AM  
Location: Office of Administrative Hearings  
320 4th St #630  
Los Angeles, California 90013  
Judge: Not Assigned

19 The Acting Commissioner of Financial Protection and Innovation, his agents, (Commissioner)  
20 and Respondent HSB Capital Advisors, LLC (HSB) (collectively, Parties) enter into this settlement  
21 agreement (Agreement) with respect to the following facts:

22 I. RECITALS

23 A. The Department of Financial Protection and Innovation (Department) regulates California  
24 investment advisers and broker-dealers under the Corporate Securities Law of 1968 (CSL). *See* Cal.  
25 Corp. Code §§ 25000-25707<sup>1</sup>. Under section 25600, the Commissioner is authorized to administer and  
26 enforce the provisions of the CSL, and the regulations promulgated thereunder.

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<sup>1</sup> Unless stated otherwise, all section references are to the California Corporations Code.

1 B. At all relevant times herein, HSB is and was a California limited liability company, with its  
2 principal office located at 1513 N. Harbor Blvd., Santa Ana, California 92703.

3 C. At all relevant times, Haren Bhakta (Bhakta) (Central Registration Depository No. 5619663)<sup>2</sup>  
4 is and was the owner of HSB.

5 D. On or about February 23, 2018, the Commissioner issued an investment adviser license (also  
6 called a certificate) to HSB (CRD No. 290889).

7 E. On August 14, 2024, the Commissioner issued an Order to Discontinue Violations against  
8 HSB. On September 26, 2024, the Commissioner issued an Order Summarily Revoking the  
9 Investment Adviser Certificate of HSB (Revocation Order).

10 F. HSB via Bhakta timely requested a hearing to challenge the Revocation Order and a hearing is  
11 currently set to be held at the Office of Administrative Hearings on February 13, 2025.

12 G. Between December 30, 2024, through January 12, 2015, HSB provided documents to the  
13 Commissioner, not previously provided, which were the basis of the Revocation Order.

14 H. The Commissioner and HSB now intend to resolve this matter amicably without the necessity  
15 of a hearing or other litigation.

16 I. The Commissioner finds this action is appropriate, in the public interest, is necessary for the  
17 protection of investors, and is consistent with the purposes fairly intended by the policies and  
18 procedures of the CSL.

19 J. NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions set forth  
20 herein, the Parties agree as follows:

21 **II. TERMS AND CONDITIONS**

22 1. Administrative Penalty: HSB agrees to pay to the Commissioner an administrative  
23 penalty in the amount of five thousand dollars (\$5,000.00) (Penalty) no later than 30 days after the  
24 Effective Date of this Agreement. The Penalty shall be made payable in the form of a cashier's check  
25 or Automated Clearing House deposit payable to the "Department of Financial Protection and  
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27 \_\_\_\_\_  
28 <sup>2</sup> The Central Registration Depository (CRD) and Investment Adviser Registration Depository (IARD) are databases maintained by the Financial Industry Regulatory Authority (FINRA) since 2007. They are used to store and maintain information on registered securities and broker firms, as well as individuals who dispense investing and financial advice.

1 Innovation” and transmitted to the attention of “Accounting – Litigation” at the Department of  
2 Financial Protection and Innovation, 2101 Arena Boulevard, Sacramento, California 95834-2036.  
3 Notice of such payment shall be forwarded to Ryan M. Cassidy, Counsel, Enforcement Division, by  
4 email at: ryan.cassidy@dfpi.ca.gov. In the event the payment due date falls on a weekend or holiday,  
5 the payment shall be due the next business day.

6 2. Order Rescinding Revocation Order. The Commissioner hereby agrees to rescind the  
7 Revocation Order, which had been issued against HSB on September 26, 2024.

8 3. Waiver of Hearing Rights: HSB hereby waives the right to any hearings, and to any  
9 reconsideration, appeal, or other right to review which may be afforded pursuant to the CSL, the  
10 California Administrative Procedure Act (APA), the California Code of Civil Procedure (CCP), or any  
11 other provision of law. By waiving such rights, HSB effectively consents to this Agreement and all the  
12 terms becoming final.

13 4. Failure to Comply with Agreement: HSB agrees that if they fail to meet any  
14 requirement of this Agreement, the Commissioner may, in addition to all other available remedies he  
15 may invoke under the CSL, immediately revoke HSB’s investment adviser certificate. HSB hereby  
16 waive any notice and hearing rights to contest the revocation of HSB which may be afforded under the  
17 CSL, the APA, the CCP, or any other provision of law in connection therewith.

18 5. Information Willfully Withheld or Misrepresented: This Agreement may be revoked,  
19 and the Commissioner may pursue any and all remedies available under law against HSB if the  
20 Commissioner discovers that HSB knowingly or willfully withheld or misrepresented information  
21 used for and relied upon in this Agreement.

22 6. Headings: The headings to the paragraphs of this Agreement are inserted for  
23 convenience only and will not be deemed a part hereof or affect the construction or interpretation of  
24 the provisions hereof.

25 7. Binding: This Agreement is binding on all heirs, assigns, and/or successors in interest.

26 8. Reliance: Each of the Parties represents, warrants, and agrees that in executing this  
27 Agreement it has relied solely on the statements set forth herein and the advice of its own counsel.  
28 Each of the Parties further represents, warrants, and agrees that in executing this Agreement it has

1 placed no reliance on any statement, representation, or promise of any other party, or any other person  
2 or entity not expressly set forth herein, or upon the failure of any party or any other person or entity to  
3 make any statement, representation or disclosure of anything whatsoever. The Parties have included  
4 this clause: (1) to preclude any claim that any party was in any way fraudulently induced to execute  
5 this Agreement; and (2) to preclude the introduction of parol evidence to vary, interpret, supplement,  
6 or contradict the terms of this Agreement.

7 9. Waiver, Amendments, and Modifications: No waiver, amendment, or modification of  
8 this Agreement will be valid or binding unless it is in writing and signed by each of the Parties. The  
9 waiver of any provision of this Agreement will not be deemed a waiver of any other provision. No  
10 waiver by either party of any breach of, or of compliance with, any condition or provision of this  
11 Agreement by the other party will be considered a waiver of any other condition or provision or of the  
12 same condition or provision at another time.

13 10. Full Integration: This Agreement is the final written expression and the complete and  
14 exclusive statement of all the agreements, conditions, promises, representations, and covenant  
15 between the Parties with respect to the subject matter hereof, and supersedes all prior or  
16 contemporaneous agreements, negotiations, representations, understandings, and discussions between  
17 and among the Parties, their respective representatives, and any other person or entity with respect to  
18 the subject matter covered hereby.

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

23 12. Counterparts: This Agreement may be executed in one or more separate counterparts,  
24 each of which when so executed, shall be deemed an original. Such counterparts shall together  
25 constitute a single document.

26 13. Voluntary Agreement: HSB enters into this Agreement voluntarily and without  
27 coercion, and they acknowledge that no promises, threats or assurances have been made by the  
28 Commissioner, or any officer, or agent thereof, about this Agreement. The Parties each represent and

1 acknowledge that he, she or it is executing this Agreement completely voluntarily and without any  
2 duress or undue influence of any kind from any source.

3 14. Public Record: HSB hereby acknowledges that this Agreement is and will be a matter  
4 of public record.

5 15. Signatures: A fax or electronic mail signature shall be deemed the same as an original  
6 signature.

7 16. Effective Date: This Agreement shall become final and effective when signed by all  
8 Parties and delivered by the Commissioner via e-mail to HSB's agent, Bhakta at haren4@gmail.com.

9 17. Authority to Sign: Each signatory hereto covenants that he/she possesses all necessary  
10 capacity and authority to sign and enter into this Agreement and undertake the obligations set forth  
11 herein.

12 Dated: January 22, 2025

KHALIL MOHSENI  
Acting Commissioner of Financial Protection and Innovation



13  
14 By \_\_\_\_\_  
15 MARY ANN SMITH  
16 Deputy Commissioner  
17 Enforcement Division

18  
19 Dated: January 22, 2025

20 By \_\_\_\_\_  
21 HAREN BHAKTA, as an authorized agent for HSB  
22 Capital Advisors, LLC  
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