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

In the Matter of:

THE COMMISSIONER OF FINANCIAL
PROTECTION AND INNOVATION,

Complainant,

v.

LUNA CAPITAL INVESTMENTS LLC,
LUNA CAPITAL FUND, LP, MICHAEL
MAZZOTTA, and TRAVIS GOUGH,

Respondents.

CRD NO.: 298124, 6994594, and 6992986

1. ACCUSATION IN SUPPORT OF ORDER
TO BAR MICHAEL MAZZOTTA AND
TRAVIS GOUGH, FROM ANY POSITION
OF EMPLOYMENT, MANAGEMENT OR
CONTROL OF ANY INVESTMENT
ADVISER, BROKER-DEALER OR
COMMODITY ADVISER;
2. NOTICE OF INTENT TO ISSUE ORDER
LEVYING ADMINISTRATIVE
PENALTIES;
3. DESIST AND REFRAIN ORDER; AND
4. CLAIM FOR ANCILLARY RELIEF

(Cal. Corp. Code §§ 25232.1, 25252, and 25532)

The Commissioner of Financial Protection and Innovation (Commissioner) is informed and
believes, and based upon such information, alleges and charges as follows:

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I.**INTRODUCTION**

1. The Commissioner is authorized to administer and enforce the provisions of the Corporate Securities Law of 1968 (CSL)¹, and the accompanying regulations thereunder², which includes the licensure, examination, and regulation of investment advisers and broker-dealers. Under Financial Code section 326(a), the Commissioner is authorized to administer and enforce the provisions of the CSL and the regulations promulgated thereunder.

2. At all relevant times herein, Luna Capital Investments, LLC (LCI) (Central Registration Depository No. 298124)³, is and was a California limited liability company located at 205 9th Street San Francisco, California 94103 and 4796 Niagara Avenue, San Diego, California 92107 operating as the General Partner of Luna Capital Fund LP, a Delaware limited partnership.

3. At all relevant times, Michael Mazzotta (Mazzotta) (CRD No. 6994594), and Travis Gough (Gough) (CRD No. 6992986), are and were managing members of LCI, and both had signatory authority for all bank accounts for both LCI and Luna Capital Fund LP.

4. At all relevant times, Luna Capital Fund LP (The Fund), is and was a Delaware limited partnership located at 205 9th Street San Francisco, California 94103 and 4796 Niagara Avenue, San Diego, California 92107.

5. LCI, Mazzotta, and Gough are collectively referred to as Luna.

II.**STATEMENT OF FACTS**

6. Beginning in or about August 2017, Luna offered and sold securities, in the form of partnership interests in The Fund. The Fund told prospective investors, in the subscription booklet it provided, that it would use the proceeds from the sales of these securities to acquire cryptocurrencies

¹ See Cal. Corp. Code §§ 25000-25707. Unless stated otherwise, all section references are to the \Corporations Code.

² See Cal. Code Regs. tit. 10, §§ 260.000-260.617. All further references will employ the format of 10 C.C.R. [section #].

³ The Central Registration Depository (CRD) is a database maintained by the Financial Industry Regulatory Authority (FINRA) since 2007 for all firms and individuals involved in the U.S. securities industry. It is used to store and maintain information on registered securities and broker firms, as well as individuals who dispense investing and financial advice.

1 and crypto assets. Luna sold securities to at least 19 investors, residing in California and elsewhere, in
2 at least 19 separate transactions, raising at least \$2,481,222.00 from investors.

3 7. These securities were offered or sold in this state in issuer transactions. The
4 Department of Financial Protection and Innovation has not issued a permit or other form of
5 qualification authorizing any person to offer or sell the above-described securities in this state.

6 8. In connection with the offers and sales of securities, Luna made material
7 misrepresentations to investors and potential investors, including that Luna would furnish audited
8 financial statements, prepared by a firm of independent public accountants, to all limited partners
9 within 120 days. In fact, Luna missed the 120-day deadline for fiscal years 2018 and 2019; and for
10 fiscal years 2020 through 2023 did not even have The Fund's financial statements audited.

11 9. In addition, Luna represented that The Fund's investors would receive monthly
12 individual reports via email of their returns from its administrator. In fact, investors were never
13 provided monthly reports; rather investors were provided outdated quarterly reports.

14 10. Luna also omitted to disclose material facts to investors and potential investors in
15 connection with the offers and sales of securities including that The Fund was never registered in
16 California as a limited partnership and never filed as a foreign limited partnership in California.

17 11. Beginning in or about August 2017, LCI provided investment advisory services to The
18 Fund, a pooled investment vehicle, and solicited the public to invest money in The Fund. At all
19 relevant times, LCI was the investment manager of The Fund and had discretionary authority over
20 how The Fund invested its money, including investing in crypto assets and private companies. On or
21 about July 26, 2018, LCI filed with the Commissioner, on FINRA's CRD system, as an exempt
22 reporting adviser (ERA), pursuant to 10 C.C.R. 260.204.9. From October 2017 - March 2023, LCI
23 provided investment advisory services to the Fund and collected at least \$96,363.42 in management
24 fees and \$453,591.43 in performance-based fess, totaling \$549,954.85. However, to qualify for this
25 exemption, LCI was required to comply with numerous specific conditions, including subdivisions
26 (c)(3) and (c)(4) of 10 C.C.R. 260.204.9.

27 12. Subdivision (c)(3) requires an ERA to deliver a copy of audited financial statements to
28 each owner of the private fund within 120 days after the end of each fiscal year. In fact, Luna missed

1 the 120-day deadline for fiscal years 2018 and 2019; and for fiscal years 2020 through 2023 Luna did
2 not even have The Fund's financial statements audited.

3 13. Subdivision (c)(4) does not allow an ERA to receive performance-based fees from
4 investors who are not "Qualified Client[s]"⁴. In fact, from October 6, 2017 - March 2023, LCI charged
5 performance-based fees to at least 17 investors of the Fund, collecting at least \$453,591.43. Of these,
6 16 were not "Qualified Client[s]".

7 14. At all relevant times, neither the Department nor the United States Securities and
8 Exchange Commission have issued an investment adviser certificate to any of the respondents.

9 15. At all relevant times, Luna had custody of client funds and securities including by
10 Mazzotta and Gough having signatory authority on The Fund's bank accounts and authority to make
11 withdrawals or transfers to outside accounts. However, between October 6, 2017, through March 31,
12 2023, Luna failed to adhere to the requisite safekeeping requirements, as outlined in 10 C.C.R.
13 260.237 including, but not limited to:

14 a. Failing to provide investors, in writing, with notice and other material
15 information relating to the Fund's qualified custodian (subdivision (a)(3));

16 b. Failing to ensure investors received quarterly account statements from the
17 qualified custodian showing account activity, current securities positions, and all transactions in the
18 account during that period including investment advisory fees (subdivision (a)(4)); and

19 c. Failing to send investors a quarterly statement showing the opening and closing
20 value of the fund at the end of the quarter; a listing of securities positions on the closing date of the
21 statement required to be disclosed under the Generally Accepted Accounting Principles (GAAP); and
22 a listing of all additions to and withdrawals from the fund by the investor, and the total value of the
23 investor's interests in the fund at the end of the quarter (subdivision (a)(5)(A)).

24 16. From October 2017 through March 2023, 12 of the 19 investors sustained large losses,
25 totaling \$1,939,422.06, equivalent to approximately an 85% loss.

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28 ⁴ Rule 205-3(d) of the Investment Advisers Act of 1940

III.

ACCUSATION TO BAR MICHAEL MAZZOTTA AND TRAVIS GOUGH FROM ANY POSITION OF EMPLOYMENT, MANAGEMENT, OR CONTROL OF ANY INVESTMENT**ADVISER, BROKER-DEALER, OR COMMODITY ADVISER**

17. Section 25232.1 provides, in pertinent part:

The commissioner may, after appropriate notice and opportunity for hearing...bar...from any position of employment, management or control of any investment adviser, broker-dealer or commodity adviser, any officer, director, partner, employee of, or person performing similar functions for, an investment adviser, or any other person, if he or she finds that the...bar is in the public interest and that the person has committed any act or omission enumerated in subdivision...(e)...of Section 25232.... [Emphasis added.]

18. Section 25232, in relevant part, provides:

(e) Has willfully violated any provision of...Title 4 (commencing with Section 25000)... [Emphasis added.]

19. In accordance with section 25232.1, the Commissioner may bar any officer or employee of an investment adviser, based on willful violations of sections of the CSL or rules adopted thereunder.

20. In this case, Mazzotta and Gough have willfully violated multiple sections of the CSL and regulations including: (1) Section 25110, by offering and sell securities in this state, unless such security or transaction has been qualified or unless such security is exempted or not subject to qualification; (2) Section 25401, by offering and selling securities by means of written or oral communications which included untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; (3) Section 25230, by conducting business as an investment adviser in this state without first securing from the Commissioner a certificate, authorizing them to do so; and (4) Section 25235(d) and 10 C.C.R. 260.237, by engaging in a fraudulent, deceptive, or manipulative act, practice or course of business, by having custody of client funds and securities, without following specific safekeeping requirements.

21. Additionally, it is in the public interest because 12 of the 19 investors of the Fund sustained large losses, totaling \$1,939,422.06, equivalent to approximately an 85% loss. These losses were sustained after the investors were solicited to invest in a non-exempt, unqualified security (violation of section 25110) by an unregistered investment adviser (violation of section 25230) by means of misrepresentations of material fact and omitting to disclose material facts (violation of section 25401), during which time the unregistered investment adviser engaged in a fraudulent, deceptive, or manipulative act, practice or course of business by having custody of client funds or securities, without adhering to the requisite safekeeping requirements (violation of section 25235(d) and 10.C.C.R. 260.237), and charging performance-based fees to investors that are not “Qualified Client[s].”

IV.

NOTICE OF INTENT TO ISSUE ORDER LEVYING ADMINISTRATIVE PENALTIES

22. NOTICE IS HEREBY GIVEN, pursuant to Corporations Code section 25233, of the intention of the Commissioner to issue an order levying administrative penalties against LCI, Mazzotta, and Gough, for the statutory amount of not more five thousand dollars (\$5,000.00) for the first violation, not more than ten thousand dollars (\$10,000.00) for the second violation, and not more than fifteen thousand dollars (\$15,000.00) for each subsequent violation, or according to proof, , for Luna’s willful violations of the CSL.

23. The Commissioner re-alleges and incorporates, by reference, paragraphs 1 to 16, as though fully set forth herein.

24. Section 25252 (b) authorizes the Commissioner to issue an order levying administrative penalties against any person for willful violations of any provision of CSL and any rules promulgated thereunder.

25. Based on the foregoing findings, the Commissioner finds that the Luna offered and sold unqualified, non-exempt securities in an amount of at least \$2,451,222.00, and made misrepresentations and omissions of fact, to at least 19 investors, in violation of sections 25110 and 25401.

26. Further, the Commissioner finds that Luna has conducted business as an investment adviser in this state without first securing from the Commissioner a certificate, authorizing them to do so, in violation of section 25230.

27. Further, the Commissioner finds that Luna engaged in a fraudulent, deceptive, or manipulative act, practice or course of business, including holding custody of client funds and securities, without following specific safekeeping requirements, in violation of section 25235(d) and 10 C.C.R. 260.237.

28. WHEREFORE, good cause showing, and pursuant to section 25252(b), the Commissioner intends to issue an order levying administrative penalties, individually, jointly and severally, against LCI, Mazzotta, and Gough, as follows:

a. That pursuant to section 25252(b), the Commissioner levy administrative penalties of \$5,000.00 for the first violation of section 25110 and \$10,000.00 for the second violation of section 25110, and \$15,000.00 for each subsequent violation, as listed low, for a total amount of \$270,000.00 or according to proof:

- i. First violation: \$5,000.00 for the first sale of a security;
- ii. Second violation: \$10,000.00 for the second sale of a security; and
- iii. Additional violations: \$15,000.00 for the remaining 17 sales of securities.

b. That pursuant to section 25252(b), the Commissioner levy administrative penalties of \$15,000.00 for each violation of section 25401, as listed below, for a total amount of \$855,000.00, or according to proof:

- i. \$15,000.00 for the misrepresentation in paragraph 8, made in 19 transactions.
- ii. \$15,000.00 for the misrepresentation in paragraph 9, made in 19 transactions.
- iii. \$15,000.00 for the misrepresentation in paragraph 10, made in 19 transactions.

c. That pursuant to section 25252(b), the Commissioner levy administrative penalties of \$15,000.00 for each violation of section 25230, as listed below, for a total amount of \$15,000.00 or according to proof:

i. \$15,000.00 for the first violation of section 25230.

d. That pursuant to section 25252(b), the Commissioner levy administrative penalties of \$15,000.00 for each violation of section 25235(d) and 10 C.C.R. 260.237, as listed below, for a total amount of \$90,000.00 or according to proof:

i. \$15,000.00 for the six violations in paragraph 15 for fiscal years 2018 through 2023.

The total amount of administrative penalties for violations of sections 25110, 25230, 25401, and 25235(d), is \$1,230,000.00, or according to proof.

V.

DESIST AND REFRAIN ORDER

A. Section 25110

29. Based on the foregoing findings, the Commissioner is of the opinion that the securities, in the form of partnership interests, offered and sold by Luna, are securities, subject to qualification under the CSL and are being or have been offered or sold without being qualified, in violation of section 25110.

30. Pursuant to section 25532, Luna Capital Fund, LP, Luna Capital Investments, LLC, Michael Mazzotta, and Travis Gough are hereby ordered to desist and refrain from the further offer or sale in the State of California of securities in the form of partnership interests, unless and until qualification has been made under said law or unless exempt. The sale of such securities is subject to qualification under said law and such securities are being or have been offered for sale without first being so qualified.

B. Section 25401

31. Further, the Commissioner is of the opinion that the securities issued by The Fund, LCI, Mazzotta, and Gough, were offered and sold in this state by means of written or oral communications which included untrue statements of material fact or omitted to state material facts

1 necessary in order to make the statements made, in the light of the circumstances under which they
2 were made, not misleading, in violation of section 25401.

3 32. Pursuant to section 25532, Luna Capital Fund, LP, Luna Capital Investments, LLC,
4 Michael Mazzotta, and Travis Gough are hereby ordered to desist and refrain from offering or selling
5 or buying or offering to buy any security in the State of California, including but not limited to
6 subscription agreements and investment contracts, by means of any written or oral communication
7 which includes an untrue statement of a material fact or omits to state a material fact necessary in
8 order to make the statements made, in the light of the circumstances under which they were made, not
9 misleading.

10 **C. Section 25230**

11 33. Further, the Commissioner is of the opinion that LCI, Mazzotta, and Gough has
12 conducted business as an investment adviser in this state without first securing from the Commissioner
13 a certificate, authorizing them to do so, in violation of section 25230.

14 34. Pursuant to section 25532, Luna Capital Investments LLC, Michael Mazzotta, and
15 Travis Gough are hereby ordered to desist and refrain from acting as an investment adviser in the State
16 of California unless and until he has first applied for and secured from the Commissioner a certificate,
17 authorizing them to act as an investment adviser, or unless exempt.

18 **D. Section 25235(d) and 10 C.C.R. 260.237**

19 35. Further, the Commissioner is of the opinion that Luna engaged in a fraudulent,
20 deceptive, or manipulative act, practice or course of business, by having custody of client funds or
21 securities, but failed to follow the safekeeping requirements, between October 6, 2017, through March
22 31, 2023, in violation of section 25235(d) and 10 C.C.R. 260.237.

23 36. Pursuant to section 25532, Luna Capital Investments LLC, Michael Mazzotta, and
24 Travis Gough are hereby ordered to desist and refrain from engaging in fraudulent, deceptive, or
25 manipulative act, practice or course of business, including having custody of client funds or securities,
26 unless specific safekeeping requirements are followed.

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Pursuant to section 25403, any person who controls or induces another person to violate a provision of the CSL, or any person who provides substantial assistance to another person in violation of the CSL, shall be liable for the violations.

VI.

CLAIM FOR ANCILLARY RELIEF IN THE FORM OF DISGORGEMENT AND RESTITUTION

37. Complainant re-alleges and reincorporates by reference, as set forth fully above in paragraphs 1 to 16.

38. Section 25532 authorizes the Commissioner to seek ancillary relief including, but not limited to, a claim for restitution or disgorgement or damages on behalf of the persons injured by violations of any provision of the Corporations Code and any rules promulgated thereunder.

39. Based on the foregoing findings, the Commissioner finds that Luna collected from the California pooled investment vehicle, while engaged in unregistered investment advisory activities, in an amount of \$549,954.85, in violation of section 25230.

40. Further, the Commissioner finds that 12 of the 19 investors sustained large losses, totaling \$1,939,422.06, equivalent to approximately an 85% loss. These losses were sustained after the investors were solicited to invest in a non-exempt, unqualified security (violation of section 25110) by an unregistered investment adviser (violation of section 25230) by means of misrepresentations of material fact and omitting to disclose material facts (violation of section 25401), during which time the unregistered investment adviser engaged in a fraudulent, deceptive, or manipulative act, practice or course of business within the meaning of section 25235(d) by having custody of client funds or securities, without adhering to the requisite safekeeping requirements (violation of 10 C.C.R. 260.237), and charging performance-based fees to investors that are not "Qualified Client[s]."

WHEREFORE, the Commissioner hereby make a claim for disgorgement and restitution, individually, jointly and severally against LCI, Mazzotta, and Gough, as follows:

a. Full Disgorgement, consisting of the total investment advisory fees collected by Luna, in the amount of \$96,363.42 in management fees and \$453,591.43 in performance-based fees, totaling \$549,954.85, or according to proof.

b. Full Restitution, consisting of the total losses suffered by investors totaling \$1,939,422.06, or according to proof.

VII.

CONCLUSION

41. Based upon the foregoing, the Commissioner finds that grounds exist, and that it is in the public interest, to issue the following orders: (1) barring Michael Mazzotta and Travis Gough from any position of employment, management or control of any investment adviser, broker-dealer or commodity adviser pursuant to section 25232.1; (2) levying administrative penalties against Luna Capital Investments LLC, Michael Mazzotta, and Travis Gough, totaling \$1,230,000.00, pursuant to section 25252; (3) desist and refrain order against Luna Capital Investments LLC, Michael Mazzotta, and Travis Gough, pursuant to section 25532; and (4) claim for ancillary relief against Luna Capital Investments LLC, Michael Mazzotta, and Travis Gough, in the form of disgorgement, totaling \$549,954.85, and in the form of restitution, totaling \$1,939,422.06, pursuant to section 25532. The Commissioner hereby notifies Luna Capital Investments LLC, Michael Mazzotta, and Travis Gough of his intention to make such orders final.

42. These Orders are necessary, in the public interest, for the protection of investors, and consistent with the purposes, policies, and provisions of the CSL.

DATED: September 24, 2025
Sacramento, California

KHALIL MOHSENI
Commissioner of Financial Protection and Innovation



By: _____

MARY ANN SMITH
Deputy Commissioner
Enforcement Division