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Deputy Commissioner
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4 Department of Business Oversight
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9
10 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
11 OF THE STATE OF CALIFORNIA

12 In the Matter of:) CRD NOS.: 4449836 and 277048
)
13 THE COMMISSIONER OF BUSINESS)
OVERSIGHT,) SETTLEMENT AGREEMENT
14)
15 Complainant,)
)
16 v.)
)
17 BRET MICHAEL ACKERMAN and ANATO)
ADVISORY SERVICES, LLC,)
18)
19 Respondents.)
20)

21 Bret Michael Ackerman (Ackerman) and Anato Advisory Services, LLC (Anato)
22 (Respondents) and Complainant, the Commissioner of Business Oversight (Commissioner) (hereafter,
23 the Parties), enter into this Settlement Agreement (Agreement) based on the following facts:

24 **RECITALS**

- 25 A. Anato is a Delaware limited liability company formed on May 19, 2015, with a principal place
26 of business at 807 Navy Street, Santa Monica, California 90405.
27 B. Anato is wholly owned by Anato Investment Group, LLC, which is 100 percent owned by Bret
28 Michael Ackerman (Ackerman). Ackerman is Chief Executive Officer and Chief Investment Officer

1 of the holding company, Anato Investment Group, LLC. He is also the managing member of Anato.

2 C. On or about May 17, 2016, Anato filed an application for a California investment adviser
3 certificate with the Department. The application revealed that Anato and Ackerman engaged in
4 investment adviser activities without a certificate, by advising the Anato Opportunity Fund I and
5 managing the assets of this fund. As of May 17, 2016, this fund had assets under management
6 exceeding \$5 million.

7 D. Anato and Ackerman provided investment adviser services to at least four clients since
8 November 1, 2015, charging approximately \$40,000 for advisory services.

9 E. A review of the application filed by Anato also disclosed that Ackerman is subject to an action
10 brought against him by the Financial Industry Regulatory Authority (FINRA). On February 26, 2016,
11 FINRA barred Ackerman from association with any FINRA member in any capacity.

12 F. FINRA's bar action was based on Ackerman's refusal to appear and provide testimony as part
13 of FINRA's investigation of Ackerman and his former employer. FINRA executed a Letter of
14 Acceptance, Waiver and Consent (AWC) with Ackerman on or about February 26, 2016. Ackerman
15 agreed to the AWC and admitted to his failure to appear to testify before FINRA, despite multiple
16 requests for his testimony, concerning bond transactions executed by Ackerman when he was
17 employed by a FINRA-member firm.

18 G. On November 29, 2017, the Commissioner served Ackerman with an Accusation and
19 Statement of Issues to bar him from the securities industry and to deny the investment adviser
20 application of Anato, pursuant to Corporations Code sections 25232 and 25232.1. Ackerman filed a
21 Notice of Defense and the case will be scheduled for a hearing in the future.

22 H. It is the intention and desire of the Parties to resolve this matter without the necessity of a
23 hearing and/or other litigation.

24 NOW, THEREFORE, for good and valuable consideration, and the terms and conditions set
25 forth herein, the Parties agree as follows:

26 **TERMS AND CONDITIONS**

27 1. Purpose: The purpose of this Agreement is to settle and resolve the issues between the
28 Parties hereto, for judicial economy and expediency, and to avoid the expense of a hearing, and

1 possible further court proceedings.

2 2. Waiver of Hearing Rights: Ackerman and Anato acknowledge the right to a hearing
3 under the Corporate Securities Law of 1968 in connection with the Accusation involving a bar order
4 and the Statement of Issues involving the denial of an application for an investment adviser certificate,
5 and hereby waive that right to any hearing, and to any reconsideration, appeal, or any other right to
6 review which may be afforded pursuant to the Corporate Securities Law of 1968, the California
7 Administrative Procedure Act, the California Code of Civil Procedure, or any other provision of law,
8 and by waiving these rights, agree to this Agreement.

9 3. Final Orders to Bar and Deny Application: Ackerman and Anato stipulate to the
10 issuance of the attached orders to bar Ackerman from any position of employment, management, or
11 control of any broker-dealer, investment advisor, or commodity advisor in California for two years
12 (Bar Order) and to deny the investment adviser application of Anato (Denial Order) (Exhibits A and
13 B). Ackerman and Anato further agree to the finality of these orders, and acknowledge that such
14 orders may be considered in future proceedings that may be initiated by or brought before the
15 Department.

16 4. Future License Applications: Ackerman understands and agrees that if he applies for
17 licensure with the Department of Business Oversight after the Bar Order expires, he will not be
18 approved as an owner, manager or control person of a licensee. Instead, any application, if approved
19 by the Department, would only permit Ackerman to serve as a non-supervisory employee of a
20 licensee, and the Department may require supervisory requirements for at least two years.

21 5. Proof of Winding Up: Within 30 days after the effective date of this Agreement,
22 Ackerman will submit to the Department proof that Anato has been wound up, and monies returned to
23 all investors of Anato.

24 6. Future Actions by the Commissioner: Other than as to the matters resolved herein, the
25 Commissioner reserves the right to bring any future action(s) against Ackerman or Anato and/or any
26 of the officers, directors, shareholders, or employees of Anato for any and all unknown or future
27 violations of the Corporate Securities Law of 1968. Other than as to the matters resolved herein, this
28 Agreement shall not serve to exculpate Ackerman or Anato or any of the officers, directors,

1 shareholders, or employees of Anato from liability for any and all unknown or future violations of the
2 Corporate Securities Act of 1968. At the conclusion of the supervisory requirements in paragraph 4,
3 Ackerman may apply to the Department for approval to work as a supervisor. Any decision by the
4 Department on Ackerman's application shall be final. Ackerman hereby waives any right to appeal
5 that decision.

6 7. Settlement Agreement Coverage: The Parties hereby acknowledge and agree that this
7 Agreement is intended to constitute a full, final, and complete resolution of this matter. The Parties
8 further acknowledge and agree, except as provided in paragraph 4, above, that nothing contained in
9 this Agreement shall operate to limit the Commissioner's ability to cooperate with any other agency,
10 county, state or federal, with any prosecution, administrative, civil or criminal, brought by any such
11 agency against Anato based upon any of the activities alleged in this matter or otherwise.

12 8. Independent Legal Advice: Each of the Parties represents, warrants, and agrees that it
13 has received or been advised to seek independent legal advice from its attorneys with respect to the
14 advisability of executing this Agreement.

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

24 10. Modifications and Qualified Integration: No amendment, change or modification of
25 this Agreement shall be valid or binding to any extent unless it is in writing and signed by all of the
26 parties affected by it.

27 11. No Presumption From Drafting: In that the parties have had the opportunity to draft,
28 review and edit the language of this Agreement, no presumption for or against any party arising out of

1 drafting all or any part of this Agreement will be applied in any action relating to, connected to, or
2 involving this Agreement. Accordingly, the parties waive the benefit of Civil Code section 1654 and
3 any successor or amended statute, providing that in cases of uncertainty, language of a contract should
4 be interpreted most strongly against the party who caused the uncertainty to exist.

5 12. Full Integration: This Agreement is the final written expression and the complete and
6 exclusive statement of all the agreements, conditions, promises, representations, and covenants
7 between the parties with respect to the subject matter hereof, and supersedes all discussions between
8 and among the parties, their respective representatives, and any other person or entity, with respect to
9 the subject matter covered hereby.

10 13. Counterparts: This Agreement may be executed in any number of counter-parts by the
11 Parties, and when each party has signed and delivered at least one such counterpart to the other party,
12 each counterpart shall be deemed an original and taken together shall constitute one and the same
13 Agreement. This Agreement may be executed via original signatures exchanged by facsimile or
14 electronic means.

15 14. Headings and Governing Law: The headings to the paragraphs of this Agreement are
16 inserted for convenience only and will not be deemed a part hereof or affect the construction or
17 interpretation of the provisions hereof. This Agreement shall be construed and enforced in accordance
18 with, and governed by, the laws of the State of California.

19 15. Authority For Settlement: Each party warrants and represents that such party is fully
20 entitled and duly authorized to enter into and deliver this Agreement. In particular, and without
21 limiting the generality of the foregoing, each party warrants and represents that it is fully entitled to
22 enter into the covenants, and undertake the obligations set forth herein.

23 16. Public Record: Ackerman and Anato hereby acknowledge that this Agreement,
24 including the attached bar order and order denying the application, will be matters of public record.

25 17. Voluntary Agreement: The Parties each represent and acknowledge that he, she, or it is
26 executing this Agreement completely voluntarily and without any duress or undue influence of any
27 kind from any source.
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18. Effective Date: This Agreement shall not be effective until signed by all parties and delivered by the Commissioner’s counsel by email to Respondent’s counsel at mattesichJ@gtlaw.com.

IN WITNESS WHEREOF, the Parties hereto have approved and executed this Agreement on the dates set forth opposite their respective signatures.

Dated: May 17, 2018

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division

Dated: May 10, 2018

By _____
BRET ACKERMAN, an Individual

ANATO ADVISORY SERVICES, LLC

Dated: May 10, 2018

By _____
BRET ACKERMAN, Chief Executive Officer
Anato Advisory Services, LLC

Approved as to Form and Content:

Dated: May 16, 2018

By _____
JAMES MATTESICH
Attorney on Behalf of
Anato Advisory Services, LLC