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12 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT  
13 OF THE STATE OF CALIFORNIA

|    |                                    |   |                                         |
|----|------------------------------------|---|-----------------------------------------|
| 13 | In the Matter of the Accusation of | ) | CASE NO.                                |
| 14 |                                    | ) |                                         |
| 15 | THE COMMISSIONER OF BUSINESS       | ) |                                         |
| 16 | OVERSIGHT,                         | ) | <b>ACCUSATION IN SUPPORT OF</b>         |
| 17 | Complainant,                       | ) | <b>INTENTION TO ISSUE ORDER BARRING</b> |
| 18 | v.                                 | ) | <b>AARON HUGH BRAUN FROM ANY</b>        |
| 19 | AARON HUGH BRAUN                   | ) | <b>POSITION OF EMPLOYMENT,</b>          |
| 20 | Respondent.                        | ) | <b>MANAGEMENT OR CONTROL OF ANY</b>     |
| 21 |                                    | ) | <b>INVESTMENT ADVISER, BROKER-</b>      |
| 22 |                                    | ) | <b>DEALER OR COMMODITY ADVISER</b>      |
| 23 |                                    | ) | <b>PURSUANT TO CORPORATIONS CODE</b>    |
|    |                                    | ) | <b>SECTION 25232.1</b>                  |

24 JAN LYNN OWEN, the California Commissioner of Business Oversight (“Commissioner”)  
25 alleges and charges as follows:

26 **I. JURISDICTION AND VENUE**

27 1. The Commissioner brings this action pursuant to Corporations Code section 25232.1,  
28 and the rules and regulations promulgated thereunder.



1 Delman's request. According to the complaint, contrary to the agreement and without Delman's  
2 knowledge, Braun used Delman's funds to borrow huge sums of money in loaned securities from  
3 UBS, so that Braun could engage in highly aggressive and increasingly risky short-selling strategies.  
4 The complaint further alleges that not long after Braun had accepted \$30 million in non-cash assets  
5 from an undisclosed affiliated investor, UBS informed Braun that his mix of assets had become too  
6 risky, was over-leveraged, and demanded that he post more collateral. Delman's complaint further  
7 alleges that Braun did not disclose these developments to Delman or other investors knowing that the  
8 disclosure would cause investors to exit the Partnership and deprive Braun of management fees.

9 7. Delman's complaint reads as follows: "By November 2011, after months of laborious  
10 and expensive effort by Mr. Delman aimed at obtaining credible information about the status of his  
11 funds....Delman was on the verge of filing a lawsuit seeking return of his investment plus punitive  
12 damages and legal fees. Mr. Delman presented to Braun a draft complaint substantially identical to  
13 the one before the Court (with the exception of all post-November 2011 events). Braun, in an effort  
14 to avoid facing Mr. Delman's complaint, executed a written agreement promising that, if the  
15 \$263,000 did not arrive on or before December 19, 2011, Braun would pay Delman \$750,000  
16 pursuant to a stipulated judgment as a remedy for Mr. Delman's claim of intentional  
17 misrepresentation. Braun failed to pay the \$263,000 as agreed." (Complaint, p. 2, para. 2)

18 8. Shortly after Delman filed the Complaint, a judgment was filed in that same action on  
19 March 29, 2012, that reads "Judgment is entered in favor of Plaintiff's (Delman's) cause of action for  
20 intentional misrepresentation in the amount of \$750,000."

21  
22 **III. AARON BRAUN SHOULD BE BARRED FROM ANY POSITION OF**  
23 **EMPLOYMENT, MANAGEMENT OR CONTROL OF ANY INVESTMENT**  
24 **ADVISER, BROKER-DEALER OR COMMODITY ADVISER PURSUANT TO**  
25 **CORPORATIONS CODE SECTION 25232.1 FOR ACTS COMMITTED AS**  
26 **SPECIFIED UNDER CORPORATIONS CODE SECTION 25232, SUBDIVISION**  
27 **(b)(2)**

28 9. Corporations Code Section 25232.1 provides, in pertinent part:

"The commissioner may, after appropriate notice and opportunity for hearing, by order censure, or suspend for a period not exceeding 12 months, or 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

1 for, an investment adviser, or any other person, if he or she finds that the censure, suspension  
2 or bar is in the public interest and that the person...has been convicted of any offense or held  
3 liable in any action specified in subdivision (b) of Section 25232....”

4 10. Corporations Code section 25232 provides, in pertinent part:

5 “The commissioner may, after appropriate notice and opportunity for hearing, by order  
6 censure, deny a certificate to, or suspend for a period not exceeding 12 months or revoke the  
7 certificate of, an investment adviser, if the commissioner finds that the censure, denial,  
8 suspension, or revocation is in the public interest and that the investment adviser, whether  
9 prior or subsequent to becoming such, or any partner, officer or director thereof or any person  
10 performing similar functions or any person directly or indirectly controlling the investment  
11 adviser, whether prior or subsequent to becoming such, or any employee of the investment  
12 adviser while so employed has done any of the following:...

13 (b) Has been either (1) convicted of or has pled nolo contendere to any felony or  
14 misdemeanor, or (2) held liable in a civil action by final judgment of a court based upon  
15 conduct showing moral turpitude, and the commissioner finds that the felony, misdemeanor or  
16 civil action (A) involved the purchase or sale of any security, (B) arose out of the conduct of  
17 the business of a broker-dealer or investment adviser, (C) involved theft, or (D) involved the  
18 violation of Section 1341, 1342, or 1343 of Title 18 of the United States Code.

19 **IV. CONCLUSION**

20 Based on the foregoing, the Commissioner of Business Oversight finds that grounds exist and  
21 that it is in the public interest to bar Aaron H. Braun from any position of employment, management  
22 or control of any investment adviser, broker-dealer or commodity adviser pursuant to Corporations  
23 Code section 25232.1, for acts committed as specified in Corporations Code section 25232  
24 subdivision (b)(2), as described above. The Commissioner hereby notifies Aaron H. Braun of its  
25 intention to make such Order final.

26 Dated: January 21, 2015  
27 San Francisco, California

JAN LYNN OWEN  
Commissioner of Business Oversight

28 By: \_\_\_\_\_  
EDWARD KELLY SHINNICK  
Senior Enforcement Counsel