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8
9 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
10 OF THE STATE OF CALIFORNIA

11 In the Matter of:) CRD NO. 165694
12)
13 THE COMMISSIONER OF BUSINESS) STATEMENT IN SUPPORT OF ORDER TO
OVERSIGHT,) DISCONTINUE VIOLATIONS UNDER
14) CORPORATIONS CODE SECTION 25249
15 Complainant,)
16 v.) (Corp. Code, § 25251)
17)
18 CONTINUUM FINANCIAL PARTNERS,)
LLC,)
19)
20 Respondent.)
_____)

21 Jan Lynn Owen, the Commissioner of Business Oversight (Commissioner), is informed and
22 believes, and based upon such information and belief, alleges and charges Respondent Continuum
23 Financial Partners, LLC (Continuum) as follows:

24 I.

25 **Jurisdiction and Venue**

26 1. The Commissioner brings this action under the provisions of Corporations
27 Code section 25252, subdivision (b) of the Corporate Securities Law of 1968 (CSL)
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1 (Corp. Code, § 25000 et seq.) and the rules and regulations promulgated thereunder.

2 2. The Commissioner is authorized to administer and enforce the provisions of the CSL
3 and the rules issued under title 10 of the California Code of Regulations (CCR) that regulate the
4 business and activities investment advisers in the State of California.

5 **II.**

6 **Statement of Facts**

7 3. Continuum is an investment adviser licensed by the Commissioner under section
8 25230 of the CSL, since at least February 6, 2013. Continuum has its principal place of business
9 located at 5170 Golden Foothill Parkway, El Dorado Hills, California.

10 4. The Commissioner of Business Oversight (Commissioner) finds that Continuum
11 violated the provisions of the CSL as follows.

12 5. The Commissioner commenced a special examination of the licensee on or about May
13 12, 2015. The Commissioner's audit staff requested Continuum provide it with copies of all signed
14 investment advisory agreements, limited power of attorney forms (granting the investment adviser
15 trading and fee disbursement authority), and any and all brokerage account applications for its
16 clients' accounts, in addition to other books and records.

17 6. While Continuum was able to provide the Commissioner's audit staff with some of its
18 clients' signed investment advisory agreements and the brokerage account applications held with
19 AssetMark, Inc., it failed to produce copies of client brokerage account applications held at Folio
20 Institutional in violation of Corporations Code section 25241 and title 10, section 260.241.3,
21 subdivisions (a)(9) and (10) of the California Code of Regulations (CCR).

22 7. On the basis of Continuum's inability to provide the custodial applications, the
23 Commissioner was unable to determine if Continuum had been granted limited power of attorney
24 (discretionary authorization) in those clients' accounts or if it was granted full power of attorney and
25 inadvertently held custody of client assets. In addition, and in spite of the Commissioner's demands,
26 Continuum failed to provide at least one client's signed investment advisory agreement in violation
27 of Corporations Code section 25241 and CCR 260.241.3, subdivision (a)(10).

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III.

Applicable Statutes

8. Corporations Code section 25241 provides in relevant part:

(a) Every broker-dealer and every investment adviser licensed under Section 25230 shall make and keep accounts, correspondence, memorandums, papers, books, and other records and shall file financial and other reports as the commissioner by rule requires, subject to the limitations of Section 15(h) of the Securities Exchange Act of 1934 with respect to broker-dealers and Section 222 of the Investment Advisers Act of 1940 with respect to investment advisers.

(b) All records so required shall be preserved for the time specified in the rule.

(c) All records referred to in this section are subject at any time and from time to time to reasonable periodic, special, or other examinations by the commissioner, within or without this state, as the commissioner deems necessary or appropriate in the public interest or for the protection of investors[.]

9. Corporations Code section 25249 provides:

If, after examination or investigation, the commissioner has reasonable grounds to believe that any broker-dealer or investment adviser has violated any law or rule binding upon it, the commissioner shall, by written order addressed to the broker-dealer or investment adviser, direct the discontinuance of the violation. The order shall be effective immediately, but shall not become final except in accordance with the provisions of Section 25251.

10. Corporations Code section 25251 provides:

(a) No order issued pursuant to Section 25249 or 25250 may become final except after notice to the affected broker-dealer or investment adviser of the commissioner's intention to make the order final and of the reasons for the finding. The commissioner shall also notify the broker-dealer or investment adviser that upon receiving a request the matter shall be set for hearing to commence within 15 business days after receipt of the request. The broker-dealer or investment adviser may consent to have the hearing commence at a later date. If no hearing is requested within 30 days after the mailing or service of the required notice, and none is ordered by the commissioner, the order may become

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final without a hearing and the broker-dealer or investment adviser shall immediately discontinue the practices named in the order. If a hearing is requested or ordered, it shall be held in accordance with the provisions of the Administrative Procedure Act (Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code), and the commissioner shall have all of the powers granted under that act. If, upon the conclusion of the hearing, it appears to the commissioner that the broker-dealer or investment adviser is conducting business in an unsafe and injurious manner or is violating any law of this state, or any rule binding upon it, the commissioner shall make the order of discontinuance final and the broker-dealer or investment adviser shall immediately discontinue the practices named in the order.

(b) The broker-dealer or investment adviser may within 10 days after an order is made final commence an action to restrain enforcement of the order. If the enforcement of the order is not enjoined within 10 days by the court in which the action is brought, the broker-dealer or investment adviser shall comply with the order.

11. CCR section 260.241.3 provides in relevant part:

(a) Every licensed investment adviser shall make and keep true, accurate and current the following books and records relating to such person's investment advisory business:

. . .

(9) All powers of attorney and other evidences of the granting of any discretionary authority by any client to the investment adviser, or copies thereof.

(10) All written agreements (or copies thereof) entered into by the investment adviser with any client or otherwise relating to the business of such investment adviser as such[.]

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IV.

Prayer

WHEREFORE, good cause showing, and under Corporations Code section 25251, the Commissioner notifies Continuum Financial Partners, LLC of her intention to make final the Order to Discontinue Violations Under Corporations Code section 25249 dated June __, 2017.

Dated: June 20, 2017
Los Angeles, California

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
BLAINE A. NOBLETT
Senior Counsel
Enforcement Division