

1 MARY ANN SMITH  
Deputy Commissioner  
2 SEAN ROONEY  
Assistant Chief Counsel  
3 BLAINE A. NOBLETT (State Bar No. 235612)  
Senior Counsel  
4 Department of Business Oversight  
320 W. 4th Street, Suite 750  
5 Los Angeles, CA 90013-2344  
Telephone: (213) 576-1396  
6 Fax: (213) 576-7181

7 Attorneys for Complainant

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

11 In the Matter of: ) CRD No. 2240979  
12 )  
13 THE COMMISSIONER OF BUSINESS ) ORDER BARRING ERIC M. GRACE FROM  
OVERSIGHT, ) ANY POSITION OF EMPLOYMENT,  
14 ) MANAGEMENT, OR CONTROL OF ANY  
Complainant, ) INVESTMENT ADVISER, BROKER-  
15 ) DEALER, OR COMMODITY ADVISER,  
v. ) (Corp. Code, § 25232.1)  
16 ERIC M. GRACE, )  
17 )  
Respondent. )  
18 )  
19 )

20 TO: Eric M. Grace  
21 24546-A Hawthorne Boulevard  
Torrance, CA 90505

22  
23 1. Jan Lynn Owen, the Commissioner of Business Oversight (“Commissioner”), brought  
24 an action to bar Eric M. Grace (“Grace”) from any position of employment, management, or control  
25 of any investment adviser, broker-dealer, or commodity adviser under Corporations Code section  
26 25232.1.

27 2. Grace Capital Management, LLC (“Grace Capital”) is or was a California limited-  
28 liability company, which held an investment adviser certificate issued by the Commissioner under

1 Corporations Code section 25230. The Commissioner summarily revoked the company's license on  
2 March 2, 2016.

3 3. Grace Capital was located at 24546-A Hawthorne Boulevard, Torrance, California.

4 4. On November 2, 2015, the California Secretary of State suspended Grace Capital's  
5 articles of organization.

6 5. Grace was Grace Capital's owner and sole managing member.

7 6. Beginning in November 2014, the Commissioner received complaints concerning  
8 Grace and Grace Capital. On the basis of those complaints, the Commissioner commenced a  
9 regulatory examination of the company.

10 7. The Commissioner's examiner attempted to visit Grace Capital's offices in Torrance  
11 on December 4, 2015. But the examiner found the company's offices had been closed without Grace  
12 notifying the Commissioner. The examiner attempted to contact the company by telephone but the  
13 examiner's calls went unanswered.

14 8. On December 4, 2015, at approximately 2 p.m., the Commissioner's examiner left a  
15 voicemail message for Grace at Grace Capital's telephone number, requesting a return phone call.  
16 Grace never returned the message.

17 9. On December 4, 2015, the examiner sent certified mail letters to Grace at his  
18 residence and Grace Capital's offices, requesting a response from the company within ten days. On  
19 December 15, the Department received confirmation that Grace had received the Commissioner's  
20 letter but Grace never responded to the Commissioner's demands.

21 10. The Commissioner finds that Grace, as the owner and sole managing member of  
22 Grace Capital, willfully violated Title 4 of Corporations Code section 25241. Cause therefore exists  
23 under Corporations Code section 25232, subdivision (e), to bar Grace from any position of  
24 employment, management, or control of any investment adviser, broker-dealer, or commodity  
25 adviser under Corporations Code section 25232.1.

26 11. On or about April 12, 2016, the Commissioner initiated an administrative action to  
27 bar Grace from any position of employment, management, or control of any investment adviser,  
28 broker-dealer, or commodity adviser. The Commissioner served Grace by substitute service at his

1 last known address on file with the Commissioner. The service included the following pleadings:  
2 Notice of Intention to Issue Order Barring Eric M. Grace From Any Position of Employment,  
3 Management, or Control of Any Investment Adviser, Broker-Dealer, or Commodity Adviser;  
4 Accusation; Statement to Respondent; Government Code sections 11507.5-11507.7; and Notice of  
5 Defense.

6 12. Grace failed to request a hearing on the accusation within the time required and the  
7 time to request a hearing has now expired.

8 GOOD CAUSE APPEARING THEREFOR, IT IS ORDERED that ERIC M. GRACE is  
9 barred from any position of employment, management, or control of any investment adviser, broker-  
10 dealer, or commodity adviser under Corporations Code section 25232.1.

11 Dated: May 18, 2016  
12 Los Angeles, CA

JAN LYNN OWEN  
Commissioner of Business Oversight

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