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

10	In the Matter of:	)	CRD NOS: 283806, 2455839
11	THE COMMISSIONER OF BUSINESS	)	STATEMENT OF ISSUES AND
12	OVERSIGHT,	)	ACCUSATION IN SUPPORT OF NOTICE
13	Complainant,	)	OF INTENTION TO ISSUE ORDERS:
14	v.	)	1. BARRING CHARLES PERLITZ
15	PVP INVESTMENT MANAGEMENT, LLC	)	KEMPF FROM ANY POSITION OF
16	and CHARLES PERLITZ KEMPF, an	)	EMPLOYMENT, MANAGEMENT
17	individual,	)	OR CONTROL OF ANY
18	Respondents.	)	INVESTMENT ADVISER, BROKER-
19		)	DEALER OR COMMODITY
20		)	ADVISER
21		)	2. DENYING THE INVESTMENT
		)	ADVISER CERTIFICATE
		)	APPLICATION OF
		)	PVP INVESTMENT
		)	MANAGEMENT, LLC
		)	(Corp. Code, §§ 25232, 25232.1)

22 Jan Lynn Owen in her capacity as the Commissioner (Commissioner) of the Department of
23 Business Oversight (Department), alleges and charges as follows:

24 **I.**

25 **INTRODUCTION**

26 1. This action is brought to bar respondent Charles Perlitz Kempf (Kempf) (Central Registration
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1 Depository (CRD) No. 2455839)¹ from any position of employment, management, or control of any
2 investment adviser, broker-dealer, or commodity adviser pursuant to Corporations Code section
3 25232.1 and to deny the investment adviser application of PVP Investment Management, LLC
4 (PVP) (CRD No. 283806) pursuant to Corporations Code section 25232.²

5 2. Section 25600 authorizes the Commissioner to administer and enforce the provisions of the
6 Corporate Securities Law of 1968 (Corp. Code, § 25000 et seq.) and the regulations promulgated
7 thereunder (Cal. Code Regs., tit. 10, § 260.000 et seq.).

8 **II.**

9 **STATEMENT OF FACTS**

10 3. On or about June 10, 2016, PVP electronically filed an application on Form ADV for
11 investment adviser registration in the State of California.³ The application stated that PVP was
12 solely owned by its president, Kempf.

13 4. Upon receipt of PVP’s application, a departmental review of the CRD showed that Kempf
14 and his company Global Fixed Income, LLC, (GFI), along with 20 other companies and individuals,
15 were the subjects of a March 26, 2015 administrative order (Order) issued by the United States
16 Securities and Exchange Commission (SEC).

17 5. In the Order, the SEC found that Kempf and GFI caused, and Kempf “willfully” aided and
18 abetted, violations of section 15(a)(1) of the Securities Exchange Act of 1934 (the “Exchange
19 Act”),⁴ which makes it unlawful for any broker or dealer to use the mails or any other means of
20 interstate commerce to “effect any transactions in, or to induce the purchase or sale of, any security”
21 unless that broker or dealer is registered with the Commission in accordance with section 15(b) of
22 the Act.

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25 ¹ The CRD system contains the qualification, employment, and disclosure histories of securities
professionals.

26 ² All code references are to the Corporations Code unless otherwise indicated.

27 ³ The investment adviser application in issue is a “Form ADV (Paper Version) Uniform Application
28 for Investment Adviser Registration” promulgated by the Securities Exchange Commission (SEC)
pursuant to 17 Code of Federal Regulations 279.1 as amended by the SEC Release No. IA-1916, 34-
43758 (see Corp. Code § 260.231.2).

⁴ Section 15 of the Securities Exchange Act is found at 15 U.S.C. § 78o.

1 6. Pursuant to the Order, the SEC deemed it in the public interest to order Kempf and GFI to
2 cease and desist from committing or causing any violations and any future violations of section
3 15(a)(1) of the Exchange Act.

4 7. Further, pursuant to the Order, Kempf was suspended for 12 months, from April 6, 2015 to
5 April 5, 2016, from association with any broker or dealer, investment adviser, municipal securities
6 dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization;
7 prohibited from servicing or acting as an employee, officer, director, member of an advisory board,
8 investment adviser or depositor of, or principal underwriter for, a registered investment company or
9 affiliated person of such investment adviser, depositor, or principal underwriter; and barred from
10 participating in any offering of a penny stock, including: acting as a promoter, finder, consultant,
11 agent or other person who engages in activities with a broker, dealer or issuer for purposes of the
12 issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of
13 any penny stock.

14 8. In addition, the SEC ordered monetary sanctions and fined GFI \$500,000.00. Kempf and
15 GFI were found to be jointly and severally liable for disgorgement in the amount of \$2,435,989.61.

16 **III.**

17 **KEMPF SHOULD BE BARRED FROM ANY POSITION**
18 **OF EMPLOYMENT, MANAGEMENT, OR CONTROL OF ANY INVESTMENT**
19 **ADVISER, BROKER-DEALER, OR COMMODITY ADVISER PURSUANT TO SECTION**
20 **25232.1.**

21 9. Section 25232.1 provides in relevant part:

22 The commissioner may, after appropriate notice and opportunity for
23 hearing, . . . bar from any position of employment, management or control
24 of any investment adviser, broker-dealer or commodity adviser, any
25 officer, director, partner, employee of, or person performing similar
26 functions for, an investment adviser, or any other person, if he or she finds
27 that the censure, suspension or bar is in the public interest and that the
28 person has committed any act or omission enumerated in subdivision . . .
(g) of Section 25232 or . . . is subject to any order specified in subdivision
(d) of Section 25232.

10. Section 25232, subdivision (g), enumerates such acts or omissions as follows:

Has aided abetted, counseled, commanded, induced, or procured the

violation by any other person of any statute or rule or regulation referred to in subdivision (e).

11. Section 25232, subdivision (e), referred to in subdivision (g), lists all the statutes forming the basis of securities regulation in the United States and the State of California, including the Exchange Act.

12. Based on the Order, the Commissioner finds that Kempf committed an act enumerated in subdivision (g) of section 25232, by aiding and abetting counselling, commanding, inducing or procuring violations of Exchange Act.

13. Further, based on the Order, the Commissioner finds that Kempf is or has been subject to an order specified in subdivision (d), subsection (3) of section 25232, which was necessary for the protection of investors.

14. Based on the foregoing, the Commissioner finds it is in the public interest to bar Kempf from any position of employment, management, or control of any investment adviser, broker-dealer, or commodity adviser pursuant to section 25232.1.

IV.

PVP'S APPLICATION FOR AN INVESTMENT ADVISER CERTIFICATE SHOULD BE DENIED BECAUSE KEMPF, PVP'S OWNER AND PRESIDENT, HAS BEEN SUBJECT TO AN ORDER OF THE SEC AND HAS AIDED AND ABETTED VIOLATIONS OF SECURITIES LAWS WITHIN THE MEANING OF SECTION 25232

15. Corporations Code section 25232 provides, in pertinent part:

The commissioner may, after appropriate notice and opportunity for hearing, by order . . . deny a certificate to . . . an investment adviser, if the commissioner finds that the . . . denial . . . is in the public interest and that the investment adviser, whether prior or subsequent to becoming such, or any partner, officer or director thereof or any person performing similar functions or any person directly or indirectly controlling the investment adviser, whether prior or subsequent to becoming such, or any employee of the investment adviser while so employed has done any of the following:

(d) Is or has been subject to (1) any order of the Securities and Exchange Commission . . . suspending his or her registration as an investment adviser, or investment adviser representative . . . or as a broker dealer or agent . . . , or (3) any other order of the commission . . . referred to in this subdivision which is or has been necessary for the protection of any

investor.

(g) Has aided, abetted, counseled, commanded, induced or procured the violation by any other person of any statute or rule or regulation referred to in subdivision (e).⁵

16. The SEC ordered Kempf to cease and desist from committing or causing any violations and any future violations of section 15(a)(1) of the Exchange Act. Further, Kempf and his company, GFI, were found to be jointly and severally liable for disgorgement in the amount of \$2,435,989.61. GFI was fined \$500,000.00.

17. The SEC's order specifically found that Kempf willfully aided and abetted violations of the Exchange Act.

18. Based on the SEC Order, the Commissioner finds that it is in the public interest to deny PVP's application for an investment adviser certificate because the sole owner and control person, Kempf, was the subject of the Order that was necessary for the protection of the investing public as defined in section 25232, subsection (d), and because Kempf willfully aided and abetted violations of section 15(a)(1) of the Exchange Act, specifically proscribed by section 25232, subsections (e) and (g).

V.

RELIEF REQUESTED

WHEREFORE, IT IS PRAYED that:

(1) Kempf be barred from any position of employment, management, or control of any investment adviser, broker-dealer, or commodity adviser pursuant to Corporations Code section 25232.1; and,

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⁵ As noted above, the Exchange Act is listed in section 25232, subdivision (e).

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(2) the investment adviser application of PVP Investment Management, LLC be denied pursuant to Corporations Code section 25232, subdivisions (d), (e) and (g).

Dated: March 2, 2017

JAN LYNN OWEN
Commissioner OF Business Oversight

By: _____
ERIK BRUNKAL
Senior Counsel
Enforcement Division