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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. 147837
12)
13 THE COMMISSIONER OF BUSINESS) (1) STATEMENT IN SUPPORT OF ORDER
OVERSIGHT,) LEVYING ADMINISTRATIVE
14) PENALTIES UNDER CORPORATIONS
Complainant,) CODE SECTION 25252
15)
16 v.) (2) DESIST AND REFRAIN ORDER
17)
PILLAR WEALTH MANAGEMENT, LLC,)
18)
Respondent.)
19)
20)
_____)

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 as follows:

23 I

24 **Jurisdiction and Venue**

25 1. The Commissioner brings this action under the provisions of Corporations Code
26 sections 25252 and 25532.

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1 filings consistent with the requirements of Section 25230.1(b)(1)-(2). In
2 no way did the firm intentionally try and evade the notice filing
3 requirements. The firm was not properly advised by its compliance
4 consulting firm on the requirements of making these filings. We
acknowledge that this does not absolve the firm from making these
notice filings. At this time, the firm is now aware of this requirement.

5 **III**

6 **Applicable Statutes**

7 11. Corporations Code section 25230 provides:

8 (a) It is unlawful for any investment adviser to conduct business as an
9 investment adviser in this state unless the investment adviser has first
10 applied for and secured from the commissioner a certificate, then in
11 effect, authorizing the investment adviser to do so or unless the
12 investment adviser is exempted by the provisions of Chapter 1
(commencing with Section 25200) of this part or unless the investment
adviser is subject to Section 25230.1.

13 (b) No person, on behalf of an investment adviser that has obtained a
14 certificate pursuant to Section 25231, may, in this state: offer or
15 negotiate for the sale of investment advisory services of the investment
16 adviser; determine which recommendations shall be made to, make
17 recommendations to, or manage the accounts of, clients of the
18 investment adviser; or determine the reports or analyses concerning
19 securities to be published by the investment adviser, unless the
investment adviser and that person have complied with rules that the
commissioner may adopt for the qualification and employment of those
persons.

20 (c) The commissioner may, consistent with Section 25232.1, review the
21 disciplinary history of an investment adviser representative upon the
filing of notice of any of the following:

22 (1) The employment, association, or transfer of the investment adviser
23 representative.

24 (2) An amendment to the information filed by the investment adviser
25 representative at the time of employment, association, or transfer.

26 (3) The termination of employment or association of the investment
27 adviser representative.

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- 1 12. Corporations Code section 25230.1 provides:
- 2 (a) A person that is registered under Section 203 of the Investment
- 3 Advisers Act of 1940 as an investment adviser is not subject to the
- 4 requirement of obtaining a certificate under Section 25230, but may not
- 5 conduct business in this state unless the person has fewer than six
- 6 clients as specified in Section 25202 or unless the person first complies
- 7 with subdivision (b). An investment adviser representative that has a
- 8 place of business in this state may be required to obtain a certificate
- 9 pursuant to Section 25231.
- 10 (b) A person subject to subdivision (a) shall:
- 11 (1) File with the commissioner an annual notice, consisting of those
- 12 documents filed with the Securities and Exchange Commission
- 13 pursuant to the securities laws that the commissioner by rule or order
- 14 deems appropriate or, in lieu thereof, a form prescribed by the
- 15 commissioner, and a consent to service of process under Section 25240.
- 16 (2) Pay the notice filing fee provided for in subdivision (d) of Section
- 17 25608.1.
- 18 (c) No investment adviser representative, on behalf of an investment
- 19 adviser subject to subdivision (a), may, in this state: offer or negotiate
- 20 for the sale of investment advisory services of the investment adviser;
- 21 determine which recommendations shall be made to, make
- 22 recommendations to, or manage the accounts of, clients of the
- 23 investment adviser; or determine the reports or analysis concerning
- 24 securities to be published by the investment adviser, unless the
- 25 investment adviser representative has complied with rules that the
- 26 commissioner may adopt for the qualification and employment of
- 27 investment adviser representatives.
- 28 (d) Subdivision (a) does not prohibit the commissioner from
- investigating and bringing enforcement actions with respect to fraud or
- deceit, including and without limitation, fraud or deceit under Section
- 25235 and the rules of the commissioner adopted thereunder, against an
- investment adviser or an investment adviser representative.

13. Corporations Code section 25608.1, subdivision (d)(1) provides:
- The fee for an investment adviser filing a notice pursuant to subdivision
- (b) of Section 25230.1 is one hundred twenty-five dollars (\$125) and
- the fee for filing a notice or report required by rules adopted pursuant to
- subdivision (c) of Section 25230.1 is twenty-five dollars (\$25).

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IV

Findings of Fact

14. Pillar Wealth Management violated Corporations Code section 25230.1 of the CSL by failing to file its annual notice and pay the \$125.00 filing fee for the years 2009 through 2014.

V

Order Levying Administrative Penalties

(For Violations of Corporations Code section 25230.1)

15. Complainant realleges and reincorporates by reference paragraphs 1.-14. of this Statement in Support as though fully set forth herein.

16. Corporations Code section 25252, subdivision (b), authorizes the Commissioner to issue an order levying administrative penalties against any investment adviser that willfully violates any provision of the CSL and any rules promulgated thereunder. Specifically, Corporations Code section 25252, subdivision (b), provides:

Any broker-dealer or investment adviser that willfully violates any provision of this division to which it is subject, or that willfully violates any rule or order adopted or issued pursuant to this division and to which it is subject, is liable for administrative penalties of not more than five thousand dollars (\$5,000) for the first violation, not more than ten thousand dollars (\$10,000) for the second violation, and not more than fifteen thousand dollars (\$15,000) for each subsequent violation.

17. Based on the foregoing findings of fact, as set forth fully above in paragraphs 1.-14., Pillar Wealth Management willfully violated the following provision of the CSL:

A. Corporations Code section 25230.1, subdivisions (b)(1) and (2), by failing to file its annual notice and pay the notice filing fee for the years 2009 through 2014.

WHEREFORE, good cause showing, and under Corporations Code section 25252, subdivision (b), the Commissioner prays for an order levying administrative penalties against Pillar Wealth Management, as follows:

A. Under Corporations Code section 25252, subdivision (b), the Commissioner levy administrative penalties of \$5,750.00 as a result of Pillar Wealth Management’s violations of Corporations Code section 25230.1.

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VI

Desist and Refrain Order

(For Violations of Corporations Code section 25230.1)

18. Complainant realleges and reincorporates by reference paragraphs 1.-14. of this Statement in Support as though fully set forth herein.

19. Corporations Code section 25532, subdivision (b), in pertinent part, states:

If, in the opinion of the commissioner, a person has been or is acting as a broker-dealer or investment adviser, or has been or is engaging in broker-dealer or investment adviser activities, in violation of Section 25210, 25230, or 25230.1, the commissioner may order that person to desist and refrain from the activity until the person has been appropriately licensed or the required filing has been made under this law.

20. Based upon the foregoing findings of fact, as set forth fully above in paragraphs 1.-14., the Commissioner is of the opinion that Pillar Wealth Management engaged in investment adviser activities in violation of section 25230.1.

IT IS HEREBY ORDERED EFFECTIVE IMMEDIATELY THAT:

A. Under Corporations Code section 25532 of the CSL, Pillar Wealth Management desist and refrain from engaging in investment adviser activities until it has been appropriately licensed or the required filing has been made under the law.

This Order is necessary, in the public interest, for the protection of investors and consistent with the purposes, policies, and provisions of the CSL.

Dated: June 30, 2016
Los Angeles, CA

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division