

1 MARY ANN SMITH  
Deputy Commissioner  
2 MIRANDA LEKANDER  
Assistant Chief Counsel  
3 TIMOTHY L. Le BAS (State Bar No. 135565)  
Senior Counsel  
4 Department of Business Oversight  
1515 K Street, Suite 200  
5 Sacramento, California 95814  
Telephone: (916) 322-2050  
6 Facsimile: (916) 445-6985

7 Attorneys for Complainant

8

9

BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT

10

OF THE STATE OF CALIFORNIA

11

In the Matter of:

) CRD Nos.: 134729, 3181603

12

THE COMMISSIONER OF BUSINESS  
OVERSIGHT,

)  
) SETTLEMENT AGREEMENT

13

14

Complainant,

15

v.

16

RG CAPITAL MANAGEMENT, LLC and  
RAVI GANJOO,

17

18

Respondents.

19

20

21

22 RG Capital Management, LLC (RG Capital) and Ravi Ganjoo (Ganjoo) (Respondents) and  
23 Complainant, the Commissioner of Business Oversight (Commissioner) (hereafter, the Parties), enter  
24 into this Settlement Agreement (Agreement) based on the following facts:

25

**RECITALS**

26

A. RG Capital, a California limited liability company, currently holds a valid investment  
27 adviser certificate issued by the Commissioner pursuant to Corporations Code section 25230  
28 (Central Registration Depository (CRD) No. 134729). Ganjoo is the principal and sole owner of RG

1 Capital and is the Registered Agent of the investment adviser with the Commissioner (CRD No.  
2 3181603).

3 B. The Commissioner is authorized to administer and enforce the provisions of the  
4 Corporate Securities Law of 1968 (CSL) (Corp. Code, § 25000 et seq.) and the rules promulgated  
5 thereunder (Cal. Code Regs., tit. 10, § 260.000 et seq.) which include the licensing and regulation of  
6 investment advisers.

7 C. On January 20, 2017, the Commissioner issued an Accusation in support of an order  
8 revoking the investment adviser certificate of RG Capital pursuant to Corporations Code section  
9 25232 and an order barring Ganjoo from any position of employment, management or control of any  
10 investment adviser, broker-dealer or commodity adviser pursuant to Corporations Code section  
11 25232.1 (Administrative Action).

12 D. The Commissioner's action is based on violations of law committed by RG Capital  
13 and Ganjoo, including the following: (1) failing to promote fair, equitable, and ethical principles by  
14 recommending unsuitable investments to clients in violation of Corporations Code section 25238  
15 and California Code of Regulations, title10, section 260.238, subdivision (a); (2) failing to promote  
16 fair, equitable, and ethical principles by misrepresenting the nature of services in violation of  
17 Corporations Code section 25238 and California Code of Regulations, title10, section 260.238,  
18 subdivision (h); (3) making false statements to the Commissioner during an examination in violation  
19 of Corporations Code section 25404, subdivision (b); and, (4) failing to maintain books and records  
20 in violation of Corporations Code section 25241 and California Code of Regulations, title10, section  
21 260.241.3.

22 E. The Administrative Action was served on Ganjoo on January 26, 2017. On January  
23 31, 2017, Ganjoo filed a Notice of Defense and waived his right to a hearing within 15 days. The  
24 matter is set for hearing on June 26 and 27, 2017, at the Office of Administrative Hearings in  
25 Oakland, California. A Notice of Hearing was served on Ganjoo on April 4, 2017.

26 F. RG Capital and Ganjoo admit to the jurisdiction of the Department of Business  
27 Oversight (Department) and desire to resolve this matter without the necessity of a hearing and/or  
28 other litigation.

1 NOW, THEREFORE, for good and valuable consideration, and the terms and conditions set  
2 forth herein, the Parties agree as follows:

3 **TERMS**

4 1. Purpose: The purpose of this Agreement is to settle and resolve the matters between the  
5 Parties hereto, for judicial economy and expediency, and to avoid the expense of a hearing, and  
6 possible court proceedings.

7 2. Desist and Refrain Order: Pursuant to Corporations Code section 25532, subdivision (d),  
8 Respondents agree to desist and refrain from further violations of the CSL including the following:  
9 1) recommending unsuitable investments to clients in violation of Corporations Code section 25238  
10 and California Code of Regulations, title 10, section 260.238, subdivision (a); 2) misrepresenting the  
11 nature of services in violation of Corporations Code section 25238 and California Code of  
12 Regulations, title 10, section 260.238, subdivision (h); 3) making false statements to the  
13 Commissioner during an examination in violation of Corporations Code section 25404, subdivision  
14 (b); and 4) failing to maintain books and records in violation of Corporations Code section 25241  
15 and California Code of Regulations, title 10, section 260.241.3.

16 3. Administrative Penalties: Within 30 calendar days from the Effective Date as defined in  
17 paragraph 21 of this Agreement, Respondents shall pay an administrative penalty of \$30,000.00  
18 made payable to the "Department of Business Oversight" and sent to the Department's Accounting  
19 Division at 1515 K Street, Suite 200, Sacramento, California 95814. Notice of this payment should  
20 be concurrently sent to the attention of Timothy L. Le Bas, Senior Counsel, Enforcement Division,  
21 1515 K Street, Suite 200, Sacramento, California 95814.

22 4. License Suspension of RG Capital: Respondents agree that the investment adviser  
23 certificate of RG Capital (CRD No. 134729) shall be suspended for a period of two years  
24 commencing on the execution of the Suspension Order (attached as Exhibit A) by the Commissioner  
25 or her designee.

26 5. Suspension of Ganjoo: Respondents agree that Ganjoo (CRD No. 3181603) shall be  
27 suspended from any position of employment, management or control of any investment adviser,  
28

1 broker-dealer or commodity adviser for a period of two years commencing on the execution of the  
2 Suspension Order (attached as Exhibit B) by the Commissioner or her designee.

3 6. Prohibition Against Investment Adviser Activities: During the two-year period that the  
4 orders (Exhibits A and B) are in effect, Ganjoo agrees that he will not conduct any investment  
5 adviser activity, including, but not limited to, servicing existing clients or accepting any new  
6 business.

7 7. Waiver of Hearing Rights: Respondents hereby waive the right to any hearing, and to any  
8 reconsideration, appeal, or other right to review which may be afforded pursuant to CSL, the  
9 California Administrative Practice Act, the California Code of Civil Procedure, or any other law,  
10 with respect to issuance of this Agreement and any orders.

11 8. Failure to Comply with Agreement: Respondents agree that if they fail to meet any  
12 requirement of this Agreement, the license of RG Capital shall be immediately revoked, and Ganjoo  
13 shall be permanently barred. Respondents hereby waive any notice and hearing rights to contest the  
14 immediate revocation and bar which may be afforded under the CSL, the California Administrative  
15 Procedure Act, the California Code of Civil Procedure, or any other law.

16 9. Notice to Clients and the Commissioner: Within 10 calendar days from the date of final  
17 execution of this Agreement by the Parties, Respondents shall provide written notification to all  
18 existing clients about this Administrative Action, and shall provide them with a copy of the orders  
19 attached as Exhibits A and B. Respondents shall, within 15 calendar days of final execution of this  
20 Agreement, file a report with Timothy L. Le Bas, Senior Counsel, that includes the following: (1)  
21 copies of all written notices and orders provided to clients; and (2) a list of all clients receiving the  
22 written notice and orders including the name, address, and telephone number of each client

23 10. Future Actions by the Commissioner: The Commissioner reserves the right to bring any  
24 future action(s) against Respondents or any of its members, officers, directors, shareholders,  
25 employees, or successors for any and all unknown or future violations of the CSL. This Agreement  
26 shall not serve to exculpate Respondents or any of its members, officers, directors, shareholders,  
27 employees, or successors from liability for any and all unknown or future violations of the CSL.  
28

1           11. Independent Legal Advice: Each of the Parties represents, warrants, and agrees that it  
2 has received or been advised to seek independent legal advice from its attorneys with respect to the  
3 advisability of executing this Agreement.

4           12. No Other Representation: Each of the Parties represents, warrants, and agrees that in  
5 executing this Agreement, it has relied solely on the statements set forth herein and the advice of its  
6 own counsel. Each of the Parties further represents, warrants, and agrees that in executing this  
7 Agreement, it has placed no reliance on any statement, representation, or promise of any other party,  
8 or any other person or entity not expressly set forth herein, or upon the failure of any party or any  
9 other person or entity to make any statement, representation or disclosure of anything whatsoever.  
10 The Parties have included this clause: (1) to preclude any claim that any party was in any way  
11 fraudulently induced to execute this Agreement; and (2) to preclude the introduction of parol  
12 evidence to vary, interpret, supplement, or contradict the terms of this Agreement.

13           13. Modifications and Qualified Integration: No amendment, change or modification of this  
14 Agreement shall be valid or binding to any extent unless it is in writing and signed by all of the  
15 parties affected by it.

16           14. Full Integration: This Agreement is the final written expression and the complete and  
17 exclusive statement of all the agreements, conditions, promises, representations, and covenants  
18 between the Parties with respect to the subject matter hereof, and supersedes all discussions between  
19 and among the Parties, their respective representatives, and any other person or entity, with respect  
20 to the subject matter covered hereby.

21           15. No Presumption From Drafting: In that the Parties have had the opportunity to draft,  
22 review and edit the language of this Agreement, no presumption for or against any party arising out  
23 of drafting all or any part of this Agreement will be applied in any action relating to, connected to, or  
24 involving this Agreement. Accordingly, the Parties waive the benefit of Civil Code section 1654  
25 and any successor or amended statute, providing that in cases of uncertainty, language of a contract  
26 should be interpreted most strongly against the party who caused the uncertainty to exist.

27           16. Counterparts: This Agreement may be executed in any number of counter-parts by the  
28 Parties, and when each party has signed and delivered at least one such counterpart to the other

1 party, each counterpart shall be deemed an original and taken together shall constitute one and the  
2 same Agreement. A fax signature shall be deemed the same as an original signature.

3 17. Terms, Headings and Governing Law: All terms used, but not defined herein, shall have  
4 the meaning assigned to them by the Corporate Securities Law of 1968. The headings to the  
5 paragraphs of this Agreement are inserted for convenience only and will not be deemed a part hereof  
6 or affect the construction or interpretation of the provisions hereof. This Agreement shall be  
7 construed and enforced in accordance with, and governed by, the laws of the State of California.

8 18. Authority For Settlement: Each signator hereto covenants that he/she possesses all  
9 necessary capacity and authority to sign and enter into this Settlement. Each party warrants and  
10 represents that such party is fully entitled and duly authorized to enter into and deliver this  
11 Agreement. In particular, and without limiting the generality of the foregoing, each party warrants  
12 and represents that it is fully entitled to enter into the covenants, and undertake the obligations set  
13 forth herein.

14 19. Public Record: Respondents hereby acknowledge that this Agreement and the exhibits  
15 attached hereto will be a matter of public record. Respondents further understand and agree to not  
16 make any statement or representation that is inconsistent with this Agreement.

17 20. Voluntary Agreement: The Parties each represent and acknowledge that he, she or it is  
18 executing this Agreement completely voluntarily and without any duress or undue influence of any  
19 kind from any source.

20 21. Effective Date: This Agreement shall not become effective until signed by all parties  
21 and delivered by the Commissioner's counsel by email to Respondents' counsel at  
22 fredricks.t@wssllp.com.

23 ///

24 ///

25 ///

26

27

28

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

Dated: June 12, 2017

JAN LYNN OWEN  
Commissioner of Business Oversight

By \_\_\_\_\_  
MARY ANN SMITH  
Deputy Commissioner  
Enforcement Division

Dated: June 12, 2017

By \_\_\_\_\_  
RG CAPITAL MANAGEMENT, LLC  
and RAVI GANJOO, In His Personal Capacity

APPROVED AS TO FORM AND CONTENT

Dated: June 12, 2017

By \_\_\_\_\_  
TIMOTHY W. FREDRICKS  
Winget, Spadafora & Schwartzberg, LLP  
Counsel for RG Capital, LLC and Ravi Ganjoo