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2 **STATE OF CALIFORNIA**
3 **BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY**
4 **DEPARTMENT OF BUSINESS OVERSIGHT**

5 TO: David Louis Simpson doing business as Simpson Capital Management, Inc.
6 30872 Calle Barbosa
7 Laguna Niguel, California 92677

8 **DESIST AND REFRAIN ORDER**
9 **(For violations of section 25230 of the California Corporations Code)**

10 The Commissioner of Business Oversight (“Commissioner”) finds that:

11 1. At all relevant times, Simpson Capital Management, Inc. (hereafter “Simpson Capital
12 Management”), was an active California corporation with a registered mailing address of 30872 Calle
13 Barbosa, Laguna Niguel, California, 92677.

14 2. At all relevant times, David Louis Simpson was the president, the registered agent for service
15 of process, and a control person of Simpson Capital Management.

16 3. On July 12, 1999, David Louis Simpson doing business as Simpson Capital Management first
17 became registered as a California investment adviser under section 25230 of the California Corporate
18 Securities Law of 1968 (Corp. Code, §§ 25000 *et seq.*) (“CSL”).¹

19 4. On July 8, 2011, the Commissioner mailed a letter via U.S. certified mail to Simpson Capital
20 Management, informing that the licensee’s annual updating amendment had not been received, in
21 accordance with the instructions in Form ADV, pursuant to section 260.241.4, subdivision (e), of Title
22 10 of the California Code of Regulations, within 90 days of the end of the licensee’s fiscal year end.
23 Simpson Capital Management was further advised that its investment adviser certificate would be
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27 ¹ The Financial Regulatory Authority (“FINRA”), which operates the Investment Adviser Registration Depository
28 (“IARD”), assigned Central Registration Depository (“CRD”) number 111238 to Simpson Capital Management, Inc. and
4570053 to David Louis Simpson.

1 subject to revocation if the annual updating amendment was not filed within 20 days. This letter was
2 returned as “unclaimed.”

3 5. On August 22, 2011, the Commissioner issued an order summarily revoking Simpson Capital
4 Management’s investment adviser registration pursuant to Corporations Code section 25242,
5 subdivision (c)(2), for failure to file its annual updating amendment or brochure as required by section
6 260.241.4, subdivision (e), of Title 10 of the California Code of Regulations. This order was also
7 mailed to Simpson Capital Management’s address of record via U.S. Certified Mail and was returned
8 as “unclaimed.”

9 6. The Commissioner’s August 22, 2011 letter advised:

10 This order revokes the authority of the above-named investment adviser to
11 conduct any investment advisory activities as defined by Section 25004 CCC in
12 this state. Therefore all such activities must immediately be stopped.

13 Please be advised that this revocation order will be entered into your Investment
14 Adviser Registration Depository (“IARD”) records. The revocation will result in
15 a disciplinary action against the company that must be disclosed on Form ADV
16 and Form U-4. [Emphasis in original.]

17 7. Additionally, the public IARD record of Simpson Capital Management was updated to reflect
18 that the Commissioner had issued an order revoking its investment adviser certificate on August 22,
19 2011.

20 8. On January 29, 2014, Simpson Capital Management filed with the Commissioner an
21 application for an investment adviser certificate. Review of the Form ADV revealed that Simpson
22 Capital Management continued to service 70 advisory accounts with assets under management of
23 \$13,235,777 and received adviser fees totaling \$108,060 after August 22, 2011.

24 9. Corporations Code section 25230, subdivision (a), provides:

25 (a) It is unlawful for any investment adviser to conduct business as an investment
26 adviser in this state unless the investment adviser has first applied for and secured
27 from the commissioner a certificate, then in effect, authorizing the investment
28 adviser to do so or unless the 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.

10. Corporations Code section 25532, in pertinent part, states:

(b) 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.

Based on the foregoing, the Commissioner is of the opinion that David Louis Simpson doing business as Simpson Capital Management, Inc. is subject to the laws regulating broker-dealers and investment advisers under the Corporate Securities Law of 1968 and, working alone or in concert or participation with others, has been or is engaging in investment adviser activities without having first applied for and secured from the Commissioner a certificate, then in effect, authorizing him to act in such capacity, in violation of section 25230 of the Corporate Securities Law of 1968.

Pursuant to section 25532 of the Corporate Securities Law of 1968, David Louis Simpson doing business as Simpson Capital Management, Inc. is hereby ordered to desist and refrain from engaging in investment adviser activities unless and until certification has been made under said laws or unless exempt.

This Order is necessary, in the public interest, for the protection of investors and consistent with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

Dated: September 15, 2014

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
Mary Ann Smith
Deputy Commissioner
Enforcement Division