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8 Attorneys for Complainant

9
10 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
11 OF THE STATE OF CALIFORNIA
12

13 In the Matter of:) CRD NO.: 130165
14 THE COMMISSIONER OF BUSINESS)
15 OVERSIGHT,) ORDER IMPOSING ADMINISTRATIVE
16 Complainant,) PENALTIES PURSUANT TO
17 v.) CORPORATIONS CODE SECTION 25252
18 TRIPLE A PARTNERS, LLC and GEORGE)
19 ROBERT PIDGEON, JR.,)
20 Respondents.)

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22 The Commissioner of Business Oversight (Commissioner) finds that:

23 1. Triple A Partners, LLC (Triple A Partners), a Delaware limited liability company,
24 formed in or about June of 2006, holds a valid and unrevoked broker-dealer certificate issued by the
25 Commissioner on May 21, 2007. The company's principal office is located at 2032 Armacost
26 Avenue, Los Angeles, California 90025. Triple A Partners maintains a website at
27 www.tripleapartners.net. Triple A Partners is a subsidiary of Triple A Partners, Inc.
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1 2. George Robert Pidgeon, Jr. (Pidgeon), a resident of the state of Tennessee, holds a
2 valid and unrevoked investment adviser representative certificate issued by the Commissioner on
3 August 15, 2017. Pidgeon, at all relevant times herein, was affiliated with Triple A Partners, and
4 through this affiliation, acted as an investment adviser representative for Francis Capital
5 Management, LLC (FCM).

6 3. FCM holds a valid and unrevoked investment adviser certificate issued by the
7 Commissioner on October 8, 2015. FCM's principal office is located at 1453 3rd Street, Suite 470,
8 Santa Monica, California 90401. At all relevant times herein, FCM is the managing member of
9 Catalysis Partners, LLC and the investment manager of Catalysis Offshore, Ltd. (collectively the
10 Funds).

11 4. On or about January 9, 2017, the Commissioner, by and through the Department of
12 Business Oversight's (Department) examiners, commenced an examination of FCM at its business
13 location in Santa Monica, California.

14 5. Documents obtained from FCM included the Referral and Placement Agreement
15 Between Francis Capital Management, LLC, George Robert Pidgeon, Jr. and Triple A. Partners, LLC
16 as of February 8, 2012 (2012 Agreement), and the Amended and Restated Referral and Placement
17 Agreement (2015 Agreement) (collectively the Agreements). The Agreements showed that Pidgeon
18 entered into a solicitor arrangement with FCM through his affiliation with different broker-dealers
19 since February of 2005. Specifically, on February 14, 2005, FCM and Pidgeon, through Wunderlich
20 Securities, entered into an agreement whereby Pidgeon would solicit investors on behalf of the
21 Funds. Thereafter, FCM and Pidgeon, through Lamont and Stern, Inc., entered into a similar
22 agreement on August 21, 2009. Then on February 8, 2012, FCM and Pidgeon, through Triple A
23 Partners, entered into the 2012 Agreement followed by the 2015 Agreement. Since at least 2005,
24 Pidgeon solicited six investors on behalf of the Funds.

25 6. Both the 2012 Agreement and the 2015 Agreement indicated that Pidgeon, through
26 Triple A Partners, would be paid a "Placement Fee" of 20 percent of the quarterly management fees
27 for the referred investors that purchased interests in the Funds. In fact, FCM's "Calculation of
28 Solicitation Payment to Triple A Partners LLC" (Solicitation Payment) for 2016 showed that FCM

1 paid Triple A Partners \$6,704.00 from January 2016 to November 2016. For the prior year, 2015,
2 FCM paid \$4,336.00 to Triple A Partners for the period from August 2015 to December 2015.

3 7. The Form D, Notice of Exempt Offering of Securities (Form D), filed by FCM with
4 the Securities and Exchange Commission for the Fund, dated July 7, 2015, disclosed that Pidgeon
5 received sales compensation. The estimated amount of sales and compensation and finder's fees
6 expenses (section 15 of the Form D) was approximately \$301,169.00. However, it was subsequently
7 amended on August 11, 2015 to remove Pidgeon's name as the recipient of sales compensation
8 (section 12 of the Form D – Sales of Compensation). Similarly, the Form D filed on August 16, 2016
9 did not identify anyone who received sales compensation.

10 8. On July 22, 2015, the Department sent a written request to FCM asking for additional
11 clarification or documentation concerning, among other things, Pidgeon's employment with FCM.
12 The Department advised FCM that the company is prohibited from engaging a solicitor who is not
13 registered. Moreover, the Department also notified FCM that to continue FCM's arrangement with
14 Pidgeon, FCM is required to report Pidgeon as a solicitor in California by filing a Form U4. FCM's
15 written response of August 7, 2015 stated that FCM is "no longer compensating Mr. Pidgeon, Jr. and
16 he is no longer acting as a solicitor for Francis Capital." But, information subsequently provided by
17 FCM indicated that Pidgeon was not terminated until December of 2017. Notably, as of May 31,
18 2018, Pigeon's CRD (Central Registration Depository), the central licensing and registration system
19 for the U.S. securities industry and its regulators, information still shows FCM as Pidgeon's
20 employer.

21 9. As discussed in paragraphs 5 through 8 above, Pidgeon, through Triple A Partners,
22 acted as an investment adviser representative for FCM since February of 2012. Both were
23 compensated by FCM beginning at least in 2015. Under California law, an investment adviser
24 representative must be registered with the state. Specifically, Corporations Code section 25230,
25 subdivision (b) and section 260.236.1, subdivision (a) (2) of the California Code of Regulations
26 require all investment adviser representatives and associated persons of an investment adviser as
27 those terms are defined in Corporations Code section 25009.5, subdivision (a), to be registered in
28 California. Triple A Partners is not registered as an investment adviser or an investment adviser

1 representative. Pidgeon did not obtain his investment adviser representative certificate until August
2 15, 2017. Pidgeon was engaged as an investment adviser representative for almost two years without
3 having been licensed by the Commissioner.

4 NOW THEREFORE, good cause showing, and pursuant to Corporations Code section 25252
5 subdivision (a), the Commissioner finds that Respondents Triple A Partners, LLC and George Robert
6 Pidgeon, Jr. have willfully violated Corporations Code section 25230, subdivisions (a) and (b) and
7 California Code of Regulations section 260.236.1, subdivision (a) (2) and hereby orders Respondents
8 Triple A Partners, LLC and George Robert Pidgeon, Jr. to pay the Commissioner administrative
9 penalties in the amount of \$3,500.00 for the two years of unlicensed solicitor activity, calculated as
10 \$1,000.00 for the first violation and \$2,500.00 for the subsequent violation.

11 Dated: July 30, 2018
12 Los Angeles, California

JAN LYNN OWEN
Commissioner of Business Oversight

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14 By: _____
15 MARY ANN SMITH
16 Deputy Commissioner
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