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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.: 150019
12)
13 THE COMMISSIONER OF BUSINESS) ORDER SUMMARILY REVOKING
OVERSIGHT,) INVESTMENT ADVISER CERTIFICATE
14) (CORP. CODE, § 25242)
15 Complainant,)
16 v.)
17 HEDGEPORT ASSOCIATES LLC,)
18 Respondent.)
19)
20)
21)

22 The Commissioner of Business Oversight (Commissioner) finds:

- 23 1. Hedgeport Associates LLC (Hedgeport) is a Delaware company with a principal
24 place of business at 12100 Wilshire Blvd. Suite 1040, Los Angeles, California. Hedgeport's status
25 with the California Secretary of State is currently forfeited by the Franchise Tax Board.
- 26 2. The Department of Business Oversight granted an investment adviser certificate to
27 Hedgeport in 2009.
- 28 3. On or about June 12, 2017, the Commissioner commenced a regulatory examination

1 of Hedgeport’s books and records (the 2017 exam). The Commissioner issued a regulatory letter on
2 October 2, 2017. Hedgeport submitted an incomplete response on November 15, 2017, and
3 subsequently requested to surrender its investment adviser certificate on March 28, 2018.

4 4. On April 4, 2018, the Commissioner issued a follow up regulatory letter (April 4th
5 letter), requesting a special report from Hedgeport to process the license surrender request, due by
6 April 16, 2018. The Commissioner served the letter on Hedgeport on April 5, 2018. Hedgeport
7 failed to respond to the Commissioner’s request.

8 5. On July 9, 2018, the Commissioner reminded Hedgeport that the April 4th letter was
9 outstanding. On July 17, 2018, the Commissioner issued a demand letter notifying Hedgeport to
10 submit the documentation needed to process the surrender request. Hedgeport provided an
11 incomplete response on August 7, 2018.

12 6. The Commissioner served a final demand letter on November 28, 2018, warning that
13 the Commissioner would move to revoke Hedgeport’s investment adviser license if a complete
14 response was not received by December 14, 2018. Hedgeport failed to provide a complete response
15 by December 14, 2018.

16 7. Corporations Code section 25241 provides, in relevant part:

17 (a) Every broker–dealer and every investment adviser licensed under Section
18 25230 shall make and keep accounts, correspondence, memorandums,
19 papers, books, and other records and shall file financial and other reports
20 as the commissioner by rule requires, subject to the limitations of Section
21 15(h) of the Securities Exchange Act of 1934 with respect to broker–
dealers and Section 222 of the Investment Advisers Act of 1940 with
respect to investment advisers.

22 (b) All records so required shall be preserved for the time specified in the rule.

23 (c) All records referred to in this section are subject at any time and from time
24 to time to reasonable periodic, special, or other examinations by the
25 commissioner, within or without this state, as the commissioner deems
26 necessary or appropriate in the public interest or for the protection of
investors.

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8. Corporations Code section 25242 provides, in relevant part:

(c) The commissioner may summarily suspend or revoke the certificate of a broker-dealer or investment adviser if he or she . . . (2) fails to file any report required under Section 25241 within 10 days after notice by the commissioner that the report is due

9. Hedgeport failed to file a report within 10 days after notice by the Commissioner that the report was due.

Therefore, based on the foregoing and good cause appearing, it is hereby ORDERED under Corporations Code section 25242, subdivision (b) that Hedgeport Associates LLC’s investment adviser certificate is hereby summarily revoked. This Order is effective immediately.

Dated: January 8, 2019
Los Angeles, CA

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
Mary Ann Smith
Deputy Commissioner
Enforcement Division