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8 Attorneys for Complainant

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

12 In the Matter of) CRD NO. 148225
13 THE COMMISSIONER of BUSINESS)
14 OVERSIGHT,)
15 Complainant,)
16 v.) CONSENT ORDER
17 A.T. Lloyd’s, Inc.,)
18 Respondents.)
19 _____)

20 This Consent Order ("Consent Order") is entered into by and between the Complainant,
21 California Department of Business Oversight (“Department”), by and through Jan Lynn Owen,
22 Commissioner of Business Oversight ("Commissioner") and the Respondent, A.T. Lloyd’s, Inc.,
23 (“Lloyd’s”), (hereinafter collectively referred to as the “Parties”).

24 RECITALS

- 25 A. A.T. Lloyd’s, Inc., a corporation, has its principal place of business at 348 W. Olympic
26 Place, Suite 103, Seattle, Washington 98119.
27 B. On May 20, 2015, Lloyd’s applied as an investment advisory firm with the Department by
28 submitting a Form ADV through the IARD system. Lloyd’s application is currently pending the

1 outcome of this litigation.

2 C. On the application form, Lloyd's stated it managed 456 discretionary accounts with
3 \$51,174,743.00 under management.

4 D. The form also showed Lloyd's managed discretionary accounts for 12 California residents
5 with assets under management totaling \$3,391,153.78.

6 E. At the beginning of October, 2013, Lloyd's had only three California clients and was,
7 therefore, exempted from licensing requirements by the de minimus rule exemption. However,
8 during October, 2013, five of Lloyd's current clients moved from Washington to California, putting
9 Lloyd's beyond de minimus limits of five resident clients. (Corporations Code section 25230.1,
10 subd. (a).)

11 F. Then, during the first half of 2014, three more Lloyd's clients moved from Washington to
12 California and Lloyd's opened a new client account in California, bringing the total number of
13 Lloyd's California clients to 12.

14 G. Lloyd's has been providing unlicensed investment advice since October, 2013.

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

17 TERMS AND CONDITIONS

18 1. **Purpose:** The purpose of this Agreement is to settle and resolve the matters between the
19 Parties hereto, for judicial economy and expediency, and to avoid the expense of a hearing, and
20 possible further court proceedings.

21 2. **Stipulation to the Desist and Refrain Order:** A.T. Lloyd's, Inc. stipulates to the Desist
22 and Refrain Order, Order Levying Administrative Penalties, and Order for Ancillary Relief.

23 3. **Waiver of Hearing Rights:** A.T. Lloyd's, Inc. acknowledges the right to a hearing under
24 the Corporate Securities Law of 1968 in connection with the Desist and Refrain Order and hereby
25 waives its right to a hearing, and to any reconsideration, appeal, or other right to review which may
26 be afforded pursuant to the Corporate Securities Law of 1968, the California Administrative
27 Procedure Act, the California Code of Civil Procedure, or any other provision of law. By waiving
28 such rights, A.J. Lloyd's, Inc. consents to the immediate imposition of the penalties assessed and

1 restitution ordered within the Department’s Order.

2 4. **Acknowledgement and Stipulation to the Recital of Facts:** A.T. Lloyd’s, Inc.,
3 acknowledges and stipulates to the foregoing recital of facts. The acknowledgment and stipulation
4 by A.T. Lloyd’s, Inc., is for the purpose of this and any other future proceedings that may be
5 initiated by or brought before the Department. The Parties agree that this Agreement and any
6 acknowledgements hereunder shall not be admissible or binding against A.T. Lloyd’s, Inc. in any
7 action(s) brought against them by third parties who are not signatories to this Agreement.

8 5. **Certification:** A.T. Lloyd’s stipulates to undertake all appropriate steps designed to assure
9 full compliance with the laws of California in the conduct of its business. A.T. Lloyd’s, Inc.,
10 acknowledges that failure to comply under this Agreement shall be a breach of this Agreement and
11 shall be cause for the Commissioner to immediately revoke any licenses held by, and/or deny any
12 pending application(s) of A.T. Lloyd’s, Inc., its successors and assigns, by whatever names they
13 might be known. A.T. Lloyd’s hereby waives any notice and hearing rights to contest such
14 revocations and/or denial(s) which may be afforded under the Corporate Securities Law of 1968,
15 the California Administrative Procedure Act, the California Code of Civil Procedure, or any other
16 provision of law in connection therewith.

17 6. **Administrative Penalties and Restitution:** A.T. Lloyd’s, Inc., agrees to pay to the
18 Commissioner penalties totaling forty-five thousand dollars (\$45,375.00) (“penalties”). The
19 penalties shall be paid within 10 days of the effective date of this Agreement. The check shall be
20 made payable to “The Department of Business Oversight,” and shall be sent by A.T. Lloyd’s, Inc.,
21 to the following address:

22 Erik Brunkal, Esq.
23 Senior Counsel
24 Department of Business Oversight
25 1515 K St., Suite 200
26 Sacramento, CA 95814

27 A.T. Lloyd’s, Inc., agrees to pay restitution to their affected clients by reimbursing their
28 custodial accounts all fees collected by A.T. Lloyd’s, Inc., for investment advice during the
unlicensed period in the amount of \$10,869.52. A.T. Lloyd’s, Inc., hereby agrees to make said

1 restitution within 10 days of the effective date of this agreement. A.T. Lloyd's shall provide the
2 Department proof said restitution has been made within 30 days of the effective date of this
3 agreement to the address listed above.

4 A.T. Lloyd's, Inc., acknowledges that failure to timely pay the penalties and restitution, as
5 set out in this Agreement, shall be a breach of this Agreement and shall be cause for the
6 Commissioner to immediately revoke any licenses held by, and/or deny any pending application(s)
7 of A.T. Lloyd's, Inc., its successors and assigns, by whatever names they might be known. A.T.
8 Lloyd's, Inc., hereby waives any notice and hearing rights to contest such revocations and/or
9 denial(s) which may be afforded under the Corporate Securities Law of 1968, the California
10 Administrative Procedure Act, the California Code of Civil Procedure, or any other provision of
11 law in connection therewith.

12 7. **Future Actions by the Commissioner:** The Commissioner reserves the right to bring any
13 future action(s) against A.T. Lloyd's, Inc., and/or any of the officers, directors, shareholders, or
14 employees of A.T. Lloyd's, Inc., for any and all unknown or future violations of the Corporate
15 Securities Act of 1968. This Agreement shall not serve to exculpate A.T. Lloyd's, Inc., or any of
16 the officers, directors, shareholders, or employees of A.T. Lloyd's, Inc., from liability for any and
17 all unknown or future violations of the Corporate Securities Act of 1968.

18 8. **Effective Date:** This Agreement shall not become effective until signed, and delivered by
19 all parties.

20 9. **Settlement Agreement Coverage:** The Parties hereby acknowledge and agree that this
21 Agreement is intended to constitute a full, final, and complete resolution of this matter. The Parties
22 further acknowledge and agree that nothing contained in this Agreement shall operate to limit the
23 Commissioner's ability to assist any other agency, county, state, or federal, with any prosecution,
24 administrative, civil, or criminal, brought by any such agency against A.T. Lloyd's, Inc., based
25 upon any of the activities alleged in this matter or otherwise.

26 10. **Independent Legal Advice:** Each of the Parties represents, warrants, and agrees that it has
27 received or been advised to seek independent legal advice from its attorneys with respect to the
28 advisability of executing this Agreement.

- 1 11. **No Other Representation:** Each of the parties represents, warrants, and agrees that in
2 executing this Agreement it has relied solely on the statements set forth herein and the advice of its
3 own counsel. Each of the parties further represents, warrants, and agrees that in executing this
4 Agreement it has placed no reliance on any statement, representation, or promise of any other party,
5 or any other person or entity not expressly set forth herein, or upon the failure of any party or any
6 other person or entity to make any statement, representation or disclosure of anything whatsoever.
7 The parties have included this clause: (1) to preclude any claim that any party was in any way
8 fraudulently induced to execute this Agreement; and (2) to preclude the introduction of parol
9 evidence to vary, interpret, supplement, or contradict the terms of this Agreement.
- 10 12. **Modifications and Qualified Integration:** No amendment, change, or modification of this
11 Agreement shall be valid or binding to any extent unless it is in writing and signed by all of the
12 parties affected by it.
- 13 13. **Full Integration:** This Agreement is the final written expression and the complete and
14 exclusive statement of all the agreements, conditions, promises, representations, and covenants
15 between the parties with respect to the subject matter hereof, and supersedes all discussions
16 between and among the parties, their respective representatives, and any other person or entity, with
17 respect to the subject matter covered hereby.
- 18 14. **No Presumption From Drafting:** In that the parties have had the opportunity to draft,
19 review and edit the language of this Agreement, no presumption for or against any party arising out
20 of drafting all or any part of this Agreement will be applied in any action relating to, connected to,
21 or involving this Agreement. Accordingly, the parties waive the benefit of Civil Code section 1654
22 and any successor or amended statute, providing that in cases of uncertainty, language of a contract
23 should be interpreted most strongly against the party who caused the uncertainty to exist.
- 24 15. **Counterparts:** This Agreement may be executed in any number of counter-parts by the
25 Parties, and when each party has signed and delivered at least one such counterpart to the other
26 party, each counterpart shall be deemed an original and taken together shall constitute one and the
27 same Agreement.
- 28 16. **Headings and Governing Law:** The headings to the paragraphs of this Agreement are

1 inserted for convenience only and will not be deemed a part hereof or affect the construction or
2 interpretation of the provisions hereof. This Agreement shall be construed and enforced in
3 accordance with, and governed by, the laws of the State of California.

4 17. **Authority For Settlement:** Each party warrants and represents that such party is fully
5 entitled and duly authorized to enter into and deliver this Agreement. In particular, and without
6 limiting the generality of the foregoing, each party warrants and represents that it is fully entitled to
7 enter into the covenants, and undertake the obligations set forth herein.

8 18. **Public Record:** A.T. Lloyd’s, Inc. hereby acknowledges that this Agreement will be a
9 matter of public record.

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

13 IN WITNESS WHEREOF, the Parties hereto have approved and executed this Agreement
14 on the dates set forth opposite their respective signatures.

JAN LYNN OWEN
Commissioner of Business Oversight

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17
18 Dated: 3/16/16

By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division

19
20
21 Dated: 3/10/16

A.T. Lloyd’s, Inc.

22
23
24 By _____
Anamaria T. Lloyd