

1 MARY ANN SMITH
Deputy Commissioner
2 SEAN ROONEY
Assistant Chief Counsel
3 ALEXANDER M. CALERO (State Bar Number: 238389)
Senior Counsel
4 California Department of Business Oversight
1350 Front Street, Room 2034
5 San Diego, California 92101
Telephone: (619) 525-4044
6 Attorneys for Complainant

8 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
9 OF THE STATE OF CALIFORNIA

10 In the Matter of) IARD NO.: 165457
11 THE COMMISSIONER OF BUSINESS)
12 OVERSIGHT,) ACCUSATION
13 Complainant,)
14 v.)
15 C & D PROFESSIONAL SERVICES, INC.,)
doing business as C & N WEALTH)
16 MANAGEMENT, an entity, and)
17 CHRISTOPHER D. DOUGHERTY, an)
individual,)
18 Respondents.)
19

20 Manuel P. Alvarez, the Commissioner of Business Oversight (Commissioner) of the
21 Department of Business Oversight (Department), acting to protect the public from unlawful and
22 fraudulent investment advisers, alleges and charges as follows:

23 **I.**

24 **Jurisdiction**

25 1. The Commissioner brings this action pursuant to the provisions of the California
26 Corporations Code (CSL) sections 25232, and 25232.1.

27 2. The Commissioner is authorized to administer and enforce the provisions of the CSL
28 and the rules and regulations thereunder.

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II.

Statement of Fact

A. The Respondents

3. At all relevant times, Christopher D. Dougherty (Dougherty) is and was a resident of San Diego County, California, and the president and control person of C & D Professional Services, Inc., doing business as C & N Wealth Management (C & N Wealth Management) (collectively Respondents).

4. At all relevant times, C & N Wealth Management, a California corporation, held a valid investment adviser certificate issued by the Commissioner on November 13, 2012, pursuant to Corporations Code section 25230, until the Commissioner summarily suspended C & N Wealth Management’s investment adviser certificate on April 4, 2019. C & N Wealth Management was an investment adviser business located at 2445 Morena Boulevard, Suite 205, San Diego, CA 92110.

B. The Examination of C & N Wealth Management’s Investment Adviser Business

5. Beginning on or about June 21, 2018, the Commissioner’s staff made numerous attempts to schedule a regulatory examination of C & N Wealth Management. Once C & N Wealth Management responded to the Commissioner’s staff, C & N Wealth Management postponed and delayed the start date of the regulatory examination.

6. On or about December 14, 2018, the Commissioner’s staff sent a letter to C & N Wealth Management indicating that the regulatory examination must commence and be completed by no later than January 28, 2019 or C & N Wealth Management will be deemed to have willfully violated Corporations Code section 25241 and may be subject to disciplinary action, including suspension of its investment adviser certificate.

7. C & N Wealth Management and the Commissioner’s staff scheduled the examination to commence on January 22, 2019. On January 22, 2019, C & N Wealth Management and the Commissioner’s staff meet and, on January 23, 2019, C & N Wealth Management provided incomplete records to the Commissioner’s staff. The Commissioner’s staff requested that C & N Wealth Management produce the outstanding books and records.

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1 8. A second meeting was scheduled between C & N Wealth Management and the
2 Commissioner’s staff for February 19, 2019 to complete the regulatory examination. However, C &
3 N Wealth Management cancelled the February 19, 2019 meeting before it could take place.

4 **C. The Suspension of C & N Wealth Management’s Investment Adviser Certificate**

5 9. On or about April 4, 2019, the Commissioner issued an Order Summarily Suspending
6 Investment Adviser Certificate (Order Summarily Suspending) to C & N Wealth Management based
7 on its failure to produce all books and records requested by the Commissioner’s staff and for failing
8 to submit to a regulatory examination.

9 10. The Order Summarily Suspending was served on C & N Wealth Management and C
10 & N Wealth Management failed to request a hearing challenging the Order Summarily Suspending.
11 The Order Summarily Suspending is now final.

12 11. To date, C & N Wealth Management has failed to produce all books and records
13 requested by the Commissioner’s staff and has failed to submit to a regulatory examination.

14 **D. The Criminal Conviction of Dougherty**

15 12. On or about April 26, 2019, the Office of the District Attorney for the County of San
16 Diego filed felony criminal charges against Dougherty, including grand theft, financial elder abuse,
17 and making misrepresentations and omissions in the offer of securities, in relation to Dougherty’s
18 operation of C & N Wealth Management from 2013 to 2018.

19 13. On or about March 13, 2020, Dougherty plead guilty, to felony charges of grand theft
20 and making misrepresentations and omissions in the offer of securities and was convicted.

21 **III.**

22 **Respondent C & N Wealth Management’s**
23 **Investment Adviser Certificate Should Be Revoked**

24 **A. Applicable Law**

25 14. CSL section 25232 provides, in relevant part, that:

26 The commissioner may, after appropriate notice and opportunity for hearing, . . .
27 *revoke* the certificate of, an investment adviser, if the commissioner finds that the . . .
28 revocation is in the public interest and that the investment adviser . . . officer or
director thereof or any person performing similar functions or any person directly or

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indirectly controlling the investment adviser . . . or any employee of the investment adviser while so employed has done any of the following:

...
(b) Has been . . . (1) convicted of or has pled nolo contendere to any felony or misdemeanor . . . and the commissioner find that the felony . . . (A) involved the purchase or sale of any security, (B) arose out of the conduct of the business of a broker-dealer or investment adviser, (C) involved theft, or (D) involved the violation of Section 1341, 1342, or 1343 of Title 18 of the United States Code.

...
(e) Has willfully violated any provision of . . . Title 4 (commencing with Section 25000) [CSL]

(Corp. Code, § 25232 [emphasis added].)

15. CSL section 25241 provides, in relevant part, that:

(a) Every . . . investment adviser licensed under Section 25230 shall make and keep accounts, correspondence, memorandums, papers, books, and other records and shall file financial and other reports as the commissioner by rule requires

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

(Corp. Code, § 25241.)

B. Dougherty was Convicted of a Felony Involving the C & N Wealth Management

16. Dougherty, the president and control person of C & N Wealth Management, was convicted of felony charges involving the offer of securities, the business of an investment adviser, and theft.

17. Dougherty was criminally charged with felonies relating to his operation of C & N Wealth Management, including grand theft and making misrepresentations and omissions in the offer of securities.

18. Dougherty pled guilty to these felony charges and was convicted.

C. C & N Wealth Management Failed to Produce Records and Submit to an Examination

19. C & N Wealth Management violated CSL section 25241 by failing to produce all books and records requested by the Commissioner’s staff and failing to submit to a regulatory examination.

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1 20. The Commissioner’s staff made numerous attempts to schedule a regulatory
2 examination of C & N Wealth Management. Despite these efforts, C & N Wealth Management
3 continued to delay the regulatory examination.

4 21. C & D Wealth Management produced incomplete records to the Commissioner’s
5 staff.

6 22. To date, C & N Wealth Management has failed to produce all books and records
7 requested by the Commissioner’s staff and has failed to submit to a regulatory examination.

8 23. For these reasons, pursuant to CSL section 25232, subdivisions (b) and (e), the
9 investment adviser certificate of C & N Wealth Management should be revoked.

10 IV.

11 **Dougherty Should Be Barred from the Investment Industry**

12 **A. Applicable Law**

13 24. CSL section 25232.1 provides, in relevant part, that:

14 The commissioner may, after appropriate notice and opportunity for hearing, by order
15 . . . *bar* from any position of employment, management or control of any investment
16 adviser, broker-dealer or commodity adviser, any officer, director, partner, employee
17 of, or person performing similar functions for, an investment adviser, or any other
18 person, if he or she finds that the . . . bar is in the public interest and that the person
19 has committed any act or omission enumerated in subdivision . . . (e) . . . of Section
20 25232 or has been convicted of any offense . . . specified in subdivision (b) of Section
21 25232

(Corp. Code, § 25232.1 [emphasis added].)

20 **B. Dougherty Willfully Violated CSL Section 25241**

21 25. As stated above, Dougherty, the president and control person of C & N Wealth
22 Management, willfully violated CSL section 25241 by failing to produce all books and records of C
23 & N Wealth Management requested by the Commissioner’s staff and failing to submit C & N
24 Wealth Management to a regulatory examination.

25 **C. Dougherty was Convicted of a Felony Involving the C & N Wealth Management**

26 26. Dougherty was convicted of felony charges involving the offer of securities, the
27 business of an investment adviser, and theft, as stated above.

28 27. Based on the foregoing, Dougherty should be barred from any position of

1 employment, management or control of any investment adviser, broker-dealer or commodity adviser
2 pursuant to CSL section 25232.1 for acts committed as specified in CSL section 25232, subdivisions
3 (b), and (e).

4 **V.**

5 **Public Interest**

6 28. The Commissioner deems it in the public interest to revoke C & D Wealth
7 Management's investment adviser certificate and to bar Dougherty from the investment industry
8 because of the nature, duration, and severity of Respondents' conduct.

9 29. An investment adviser has a fiduciary relationship to his clients. An investment
10 adviser should continuously occupy an impartial and disinterested position and should scrupulously
11 avoid any act that subjects his position to challenge in this respect. (*SEC v. Capital Gains Research*
12 *Bureau, Inc.* (1963) 375 U.S. 180 at pp. 188-191.) Respondents violated the fiduciary duty owed to
13 clients by engaging in the criminal scheme which resulted in Dougherty's criminal conviction for
14 grand theft and making misrepresentations and omissions in the offer of securities.

15 30. An investment adviser must comply with various statutes, rules and regulations in
16 order to maintain his license, including maintaining books and records and submitting those books
17 and records to examination by the Commissioner. The purpose of these statutes, rules and
18 regulations is to protect an investment adviser's clients and the investing public. Respondents
19 violated statutes designed to protect clients and the investing public. For these reasons, it is in the
20 public interest to revoke C & D Wealth Management's investment adviser certificate and to bar
21 Dougherty from the investment industry.

22 **VI.**

23 **Prayer**

24 WHEREFORE, based upon the foregoing, the Commissioner finds it is in the public interest
25 to revoke C & D Professional Services, Inc.'s, doing business as C & N Wealth Management,
26 investment adviser certificate, pursuant to CSL section 25232, and to bar Christopher D. Dougherty
27 from any position of employment, management or control of any investment adviser, broker-dealer
28 or commodity adviser pursuant to CSL section 25232.1 for acts committed as specified in CSL

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section 25232.

WHEREFORE, IT IS PRAYED that C & D Professional Services, Inc., doing business as C & N Wealth Management, have its investment adviser certificate revoked pursuant to CSL section 25232, and that Christopher D. Dougherty be barred from any position of employment, management or control of any investment adviser, broker-dealer or commodity adviser pursuant to CSL section 23232.1 for acts committed as specified in CSL section 25232.

Dated: April 21, 2020

MANUEL P. ALVAREZ
Commissioner of Business Oversight

By: ALEXANDER M. CALERO
Senior Counsel
Enforcement Division
Attorney for Complainant