

1 Ducoulombier received over \$100,000 in investment capital for investment purposes. Hedge,
2 Currencies, and Ducoulombier received over \$19,000 in adviser fees in connection with providing
3 investment advice.

4 6. Hedge, Currencies, and Ducoulombier, in connection with the providing of investment
5 advice, made the following untrue statements of material facts to defraud the consumer:

6 a. Ducoulombier was a licensed investment adviser in California. Ducoulombier, Hedge
7 and Currencies made this statement to entice a consumer to give Ducoulombier the consumer's
8 ETRADE password and account information to make investments on the consumer's behalf.
9 However, according to the Commissioner, Ducoulombier is not a licensed investment adviser.

10 b. Ducoulombier would invest the consumer's ETRADE account investment capital in a
11 conservative and safe manner, using options and covered calls, promising that the consumer would
12 always retain his Hedge stock. However, Ducoulombier and Hedge invested the consumer's
13 investment capital in high risk volatile trades, eventually depleting the consumer's entire ETRADE
14 investment capital account and selling all Hedge stock.

15 c. The investor would receive significant investment returns, more than 25%, on the
16 consumer's investment capital, while keeping a significant amount of stock secured in Hedge. In
17 truth, Ducoulombier, Hedge and Currencies wiped out the consumer's entire investment capital and
18 left the consumer without retirement funds.

19 7. At all relevant Hedge, Currencies, and Ducoulombier did not have valid investment
20 adviser certificates issued by the Commissioner nor have they been registered as investment advisers
21 with the U.S. Securities & Exchange Commission. Hedge, Currencies, and Ducoulombier are not
22 exempt from the certification requirement set forth in the Corporate Securities Law of 1968 (Corp.
23 Code, § 25000 et seq.) (CSL).

24 8. CSL section 25230, subdivision (a) prohibits a person from conducting business as an
25 investment adviser in this state without first applying for and securing a certificate from the
26 Commissioner authorizing them to do so, unless exempt.

27 9. Under section 25235, subdivisions (a) and (b) of the CSL, it is unlawful for any
28 investment adviser, directly or indirectly, in this state to employ any device, scheme, or artifice to

1 defraud any client or prospective client; and to engage in any transaction, practice, or course of
2 business which operates or would operate as a fraud or deceit upon any client or prospective client.

3 10. In addition to acting as unregistered investment advisers in California, beginning in at
4 least 2012, Currencies, and Ducoulombier, offered, sold and effected transactions in securities in the
5 form of various stocks through at least six different consumer's investment accounts. Currencies, and
6 Ducoulombier were granted access to consumer accounts, including full trading authority in at least
7 one account, and traded on these accounts for the consumer's benefit. In one case, Hedge,
8 Currencies, and Ducoulombier, offered, sold and effected transactions in securities in the form of
9 stock in Hedge through a consumer's ETRADE investment account for the consumer's benefit.

10 11. CSL section 25004 defines "broker-dealer" as any person engaged in the business of
11 effecting transactions in securities in this state for the account of others or for his own account.

12 12. CSL section 25210, subdivision (a), prohibits a broker-dealer from effecting any
13 transaction in or induce or attempt to induce the purchase or sale of, any security in this state unless
14 the broker-dealer has first applied for and secured from the commissioner a certificate, then in effect,
15 authorizing that person to act in that capacity.

16 13. Hedge, Currencies, and Ducoulombier have never obtained a certificate to act as a
17 broker-dealer under CSL section 25210 and is not exempt from the licensure requirement.

18 Based upon the foregoing findings, the Commissioner is of the opinion that My Liquid Hedge
19 Fund, also known as Liquid Hedge, Liquid Currencies and Sergio Nicolas Ducoulombier, conducted
20 business as an investment adviser in this state without first securing from the Commissioner a
21 certificate, authorizing them to do so, in violation of section 25230 of the CSL.

22 Pursuant to section 25532 of the CSL, My Liquid Hedge Fund, also known as Liquid Hedge,
23 Liquid Currencies and Sergio Nicolas Ducoulombier, are hereby ordered to desist and refrain from
24 conducting business as an investment adviser in the State of California, unless and until My Liquid
25 Hedge Fund, also known as Liquid Hedge, Liquid Currencies and Sergio Nicolas Ducoulombier,
26 have first applied for and secured from the Commissioner a certificate, then in effect, authorizing
27 them to act as an investment advisor or unless exempt.

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1 Based upon the foregoing findings, the Commissioner is of the opinion that My Liquid Hedge
2 Fund, also known as Liquid Hedge, Liquid Currencies and Sergio Nicolas Ducoulombier, conducted
3 business as investment advisers in this state and employed a device, scheme, or artifice to defraud
4 any client or prospective client and engaged in a transaction, practice, or course of business which
5 operates or would operate as a fraud or deceit upon any client or prospective client, in violation of
6 section 25235, subdivisions (a) and (b) of the CSL.

7 Pursuant to section 25532 of the CSL, My Liquid Hedge Fund, also known as Liquid Hedge,
8 Liquid Currencies and Sergio Nicolas Ducoulombier, are hereby ordered to desist and refrain from
9 directly or indirectly employing any device, scheme, or artifice to defraud any client or prospective
10 client and to engage in any transaction, practice, or course of business which operates or would
11 operate as a fraud or deceit upon any client or prospective client.

12 Based on the foregoing findings, the Commissioner is of the opinion that My Liquid Hedge
13 Fund, also known as Liquid Hedge, Liquid Currencies and Sergio Nicolas Ducoulombier are subject
14 to the laws regulating broker-dealers under Corporate Securities Law of 1968, and has affected
15 transactions in, or induced, or attempted to induce the purchase or sale of, securities as broker-
16 dealers, without having first applied for and secured from the Commissioner a certificate authorizing
17 these persons to act in that capacity, in violation of CSL section 25210.

18 Pursuant to CSL section 25532, My Liquid Hedge Fund, also known as Liquid Hedge, Liquid
19 Currencies and Sergio Nicolas Ducoulombier are hereby ordered to desist and refrain from
20 conducting business as a broker-dealer, unless and until certification has been made under said law or
21 unless exempt. This Order is necessary, in the public interest, for the protection of investors and
22 consistent with the purposes, policies and provisions of the Corporate Securities Law of 1968.

23 Dated: September 21, 2020
24 Sacramento, California

MANUEL P. ALVAREZ
Commissioner of Business Oversight

25
26 By _____
27 MARY ANN SMITH
28 Deputy Commissioner
Enforcement Division