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BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
OF THE STATE OF CALIFORNIA

In the Matter of:) CRD LICENSE NO.: 159063
)
THE COMMISSIONER OF FINANCIAL) ACCUSATION IN SUPPORT OF NOTICE OF
PROTECTION AND INNOVATION,) INTENTION TO REVOKE INVESTMENT
) ADVISER CERTIFICATE (Corp. Code, § 25232,
Complainant,) subd. (h).
)
v.)
)
LEGACY PRIVATE CLIENT GROUP, INC.,)
)
Respondent.)
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)
)

The Complainant, the Commissioner of Financial Protection and Innovation
(Commissioner), is informed and believes, and based upon such information and belief, alleges
and charges Respondent, Legacy Private Client Group, Inc. (Legacy), as follows.

I.

Jurisdiction

1. The Commissioner is authorized to administer and enforce the provisions of the
Corporate Securities Law of 1968 (Corp. Code, § 25000 et seq.) (CSL) and the regulations at
title 10 of the California Code of Regulations (Cal. Code Regs., tit. 10, § 260.000 et seq.)
(CCR).

1 using the company's email address on file with FINRA and the department.

2 12. Legacy failed to respond to the system reminder email the Commissioner sent to
3 Legacy on April 15, so on April 27, the Commissioner's examiner made a courtesy phone call to
4 Legacy using the phone number Legacy had provided to FINRA. The phone number was active,
5 and the examiner left a voicemail message with Legacy representatives, informing the company
6 that a member of the Commissioner's staff would be available to assist the firm in completing its
7 online examination.

8 13. No response to the courtesy reminder phone call was received from Legacy's
9 representatives. On April 30, the Commissioner sent another system reminder email to Legacy,
10 reminding the company of the need for it to complete the online examination. The reminder
11 email included instructions on how the firm was to complete its online examination.

12 14. No response to the April 30 reminder email was received from Legacy. So, on
13 May 11, the Commissioner sent a third and final system reminder email to Legacy, informing the
14 company of its requirement to complete the online examination and instructions on how it was to
15 complete the 2020 regulatory examination online.

16 15. The Commissioner did not receive a response to the third and final system
17 reminder email of May 11, so again the Commissioner's examiner left a courtesy phone message
18 with Legacy representatives on May 15.

19 16. On May 20, having received no response from Legacy or its representatives
20 concerning the 2020 regulatory examination, the Commissioner mailed and emailed Legacy a
21 10-day demand. The demand required Legacy to respond to the letter with its online examination
22 response within 10 days or the Commissioner would seek to discipline the company's investment
23 adviser certificate. The 10-day demand was mailed via certified mail to Legacy's address of
24 record and a copy of the demand emailed to the firm at its email address of record.

25 17. No response to the 10-day demand was received from Legacy.

26 18. The Commissioner's examiner made a final courtesy call to Legacy on May 28,
27 and again left a voicemail message for Legacy's representatives. No response to the voicemail
28 message was ever received by the Commissioner's staff.

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19. Corporations Code section 25241 provides:

(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, subject to the limitations of Section 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.

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

(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.

(d) For the purpose of avoiding unnecessary duplications of examinations, the commissioner, insofar as he or she deems it practicable in administering this section, may cooperate with the securities administrators of other states, the Securities and Exchange Commission and any national securities exchange or national securities association.

(e) Unless otherwise provided by this rule, every investment adviser subject to Section 25230 . . . shall furnish an authorization for disclosure to the commissioner of financial records of the licensee’s . . . investment adviser business pursuant to Section 7473 of the Government Code.

20. CCR section 260.241.3 provides in pertinent part that “Every licensed investment adviser shall make and keep true, accurate and current . . . books and records . . . [that] shall be maintained and preserved in an easily accessible place for a period of not less than five years from the end of the fiscal year during which the last entry was made on such record[.]”

21. Legacy’s failure to provide its books and records in response to the Commissioner’s 2020 regulatory examination constitutes violations of Corporations Code section 25241 and CCR section 260.241.3.

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IV.

CSL License Revocation Statute

22. Corporations Code section 25232, provides in pertinent part:

The commissioner may, after appropriate notice and opportunity for hearing, . . . revoke the certificate of, an investment adviser, if the commissioner finds that the . . . revocation is in the public interest and that the investment adviser, whether prior or subsequent to becoming such, or any partner, officer or director thereof or any person performing similar functions or any person directly or indirectly controlling the investment adviser, whether prior or subsequent to becoming such, or any employee of the investment adviser while so employed has done any of the following:

. . . .

(h) Has violated any provision of this division or the rules thereunder or, in the case of an applicant only, any similar regulatory scheme of the State of California or a foreign jurisdiction.

V.

Conclusion

23. The Commissioner finds that, by reason of the foregoing, Legacy has violated Corporations Code section 25241 and CCR section 260.2441.3 by failing to respond to the Commissioner’s demand for books and records under the 2020 examination, and based thereon, grounds exist to revoke the investment adviser certificate issued to Legacy.

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VI.

Prayer

WHEREFORE, IT IS PRAYED that under Corporations Code section 25232, subdivision (h), the investment adviser certificate issued to Legacy be revoked.

MANUEL P. ALVAREZ
Commissioner of Financial Protection and
Innovation

Dated: November 9, 2020
Los Angeles, California

By _____
BLAINE A. NOBLETT
Senior Counsel
Enforcement Division