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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)	ORDER REVOKING INVESTMENT ADVISER
PROTECTION AND INNOVATION,)	CERTIFICATE (Corp. Code, § 25232, subd. (h).)
)	
Complainant,)	
)	
v.)	
)	
LEGACY PRIVATE CLIENT GROUP, INC.,)	
)	
Respondent.)	
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)	

The Commissioner of Financial Protection and Innovation (Commissioner) finds as follows.

- 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).
- The Commissioner has jurisdiction over the licensing and regulation of investment advisers and their representatives under the CSL.

1 3. Legacy was a corporation organized under the laws of California with its
2 registration now suspended by the Franchise Tax Board (FTB). Legacy is not authorized to
3 transact business in California while it is suspended by the FTB.

4 4. Legacy has or had its principal place of business located at 30 North Main Street,
5 Suite A, Kamas, Utah.

6 5. Legacy is or was a member of the Financial Industry Regulatory Authority
7 (FINRA), Central Registration Depository (CRD) number 159063.

8 6. Legacy, at all times relevant herein, held an investment adviser certificate with the
9 Commissioner.

10 7. Legacy has held an investment adviser certificate with the Commissioner since
11 July 18, 2017.

12 8. On April 1, 2020, the Commissioner, by and through his audit staff, commenced a
13 regulatory examination of the books and records of Legacy under the CSL (the 2020 regulatory
14 examination or online examination).

15 9. The Commissioner conducted the 2020 regulatory examination entirely online,
16 whereby the Commissioner's examiner emailed the 2020 regulatory examination to Legacy,
17 which set forth the Commissioner's requests for Legacy's books and records. Legacy was given
18 until May 15 to complete the 2020 regulatory examination by electronically providing its books
19 and records to the Commissioner for review.

20 10. But Legacy failed to respond to the Commissioner's demands for the licensee's
21 books and records during the 2020 regulatory examination as follows.

22 11. On April 15, the Commissioner identified Legacy as not having yet completed
23 and submitted its online examination. The Commissioner sent Legacy a system reminder email
24 using the company's email address on file with FINRA and the department.

25 12. Legacy failed to respond to the system reminder email the Commissioner sent to
26 Legacy on April 15, so on April 27, the Commissioner's examiner made a courtesy phone call to
27 Legacy using the phone number Legacy had provided to FINRA. The phone number was active,
28 and the examiner left a voicemail message with Legacy representatives, informing the

1 company's representatives that a member of the Commissioner's staff would be available to
2 assist the firm in completing its online examination.

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

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

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

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

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

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

24 19. Corporations Code section 25241 provides:

25 (a) Every . . . investment adviser licensed under Section 25230
26 shall make and keep accounts, correspondence, memorandums,
27 papers, books, and other records and shall file financial and other
28 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

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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 constituted violations of Corporations Code section 25241 and CCR section 260.241.3.

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

1 investment adviser while so employed has done any of the
2 following:

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

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

11 24. On November 9, 2020, the Commissioner issued his notice of intention and
12 accusation to revoke Legacy’s investment adviser certificate (Accusation) based on the
13 violations identified above.

14 25. The Commissioner personally served Legacy’s registered agent with the
15 Accusation on November 11. Under Corporations Code section 25233, Legacy had 30 days to
16 request a hearing concerning the Accusation by filing with the Commissioner its notice of
17 defense. The time to receive Legacy’s notice of defense has now passed, and Legacy failed to
18 file it with the Commissioner within the time required.

19 Therefore, based on the foregoing and good cause appearing, it is hereby ORDERED
20 under Corporations Code section 25232, subdivision (h), that the investment adviser certificate
21 issued to Legacy is revoked. This order is effective immediately.

22 Legacy is further precluded from soliciting or facilitating new business, including for
23 existing clients. This license revocation does not preclude Legacy from engaging in activities
24 necessary to wind down its business, such as liquidating transactions, transferring accounts,
25 forwarding any checks received to the clearing firm, responding to regulatory inquiries, filing
26 Form U5s for investment adviser representatives, and fielding client requests for account
27 servicing or documents, for up to 60 days after the date of this Order.

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Any winding down of the investment adviser business must be completed by the end of the 60-day period, after which Legacy is not permitted to engage in any further investment adviser activities.

MANUEL P. ALVAREZ
Commissioner of Financial Protection and
Innovation

Dated: December 15, 2020
Los Angeles, California

By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division