

1 MARY ANN SMITH
Deputy Commissioner
2 DANIEL O'DONNELL
Assistant Chief Counsel
3 STEVEN E. VONG (State Bar No. 311926)
Counsel
4 Department of Financial Protection and Innovation
2101 Arena Blvd
5 Sacramento, CA 95834
Telephone: (916) 576-4982
6 Facsimile: (916) 928-7929

7 Attorneys for Complainant

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

11 In the Matter of:)
12)
13 THE COMMISSIONER OF FINANCIAL) CRD NO.: 299647 and 6476261
PROTECTION AND INNOVATION,)
14) ACCUSATION TO REVOKE INVESTMENT
Complainant,) ADVISER CERTIFICATE OF NASH
15) FINANCIAL SERVICES, LLC AND ADAM
v.) JEFFREY NASH
16)
17 NASH FINANCIAL SERVICES, LLC and) (Corp. Code, §§ 25232, subd. (h); 25241; 25608)
ADAM JEFFREY NASH,)
18)
Respondents.)
19)

20 Manuel P. Alvarez, the Commissioner of Department of Financial Protection and Innovation
21 (Department), acting to protect the public, alleges and charges as follows:

22 I.

23 **Introduction and Jurisdiction.**

24 1. The Commissioner seeks to revoke the investment adviser (IA) certificate of Nash
25 Financial Services, LLC (Nash Financial) and Adam Jeffrey Nash (Nash) under the Corporate
26 Securities Law of 1968 (Corp. Code, § 25000 et seq.) (CSL) and the regulations thereunder at title
27 10 of the California Code of Regulations (Cal. Code Regs., tit. 10, § 260.000 et seq.) (CCR).

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1 *records because of the major disruption to my life and the fact I can't earn money right now."* Nash
2 stated that he would like to reschedule his examination.

3 8. On May 7, 2020, Nash spoke with the Department examination unit on the phone,
4 explaining that Nash Financial only had one client at the time. After the phone conversation, the
5 Department's examination unit emailed Nash requesting records regarding Nash Financial's single
6 client.

7 9. On May 11, 2020, the Department's examination unit emailed Nash Financial
8 requesting records to complete the examination, as no records had been submitted to the Department.

9 10. On May 14, 2020, the Department's examination unit emailed Nash Financial that the
10 Department did not receive a response to the May 11, 2020 email, and no records had been
11 submitted by Nash Financial to the Department.

12 11. On May 19, 2020, the Department's examination unit emailed Nash Financial that the
13 Department did not receive a response from Nash Financial to the Department's various email
14 requests for records needed to conduct the Regulatory Examination. The Department also informed
15 Nash that the Department would be noting a "incomplete examination status," and potential
16 sanctions include monetary penalties pursuant to CSL section 25252, suspension or revocation of the
17 investment adviser certificate pursuant to CSL section 25232, and/or permanent bar from working in
18 the securities industry pursuant to CSL section 25232.1.

19 12. On May 20, 2020, the Department's examination unit emailed Nash Financial,
20 informing Nash Financial that "on May 11, 2020, May 12, 2020, May 14, 2020, and May 19, 2020,
21 the Department attempted to contact Nash through email, [as well as] the telephone number 916-
22 300-4595 and 916-243-8066." The Department also informed Nash Financial that if no response was
23 received in 10 days, the matter may be referred for administrative action against the investment
24 adviser certificate of Nash Financial. The email also stated: "If you are presently unable to remotely
25 perform the Department's examination due to the impact of the coronavirus (COVID-19), please
26 contact me." The Department also mailed a letter to Nash Financial's office address on file with
27 CRD, 3625 Turner Drive, North Highlands, CA 95660, requesting a response within 10 days.
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1 13. On May 31, 2020, Nash emailed the Department, stating: *“I have been impacted by*
2 *coronavirus that has been impacting my ability to respond.”*

3 14. On June 1, 2020, the Department’s examination unit emailed Nash Financial, asking
4 for a time and date to schedule the Regulatory Examination. The Department’s examination unit also
5 provided a phone number for Nash Financial to contact.

6 15. On June 12, 2020, the Department’s examination unit emailed Nash Financial, stating
7 that no response to the Department’s June 1, 2020 email was received. The Department’s
8 examination unit stated: *“we would like to work with you regarding possible future examination*
9 *dates due to your impact by covid-19, however we require a response from you.”*

10 16. On July 1, 2020, the Department’s examination unit emailed Nash Financial, stating:
11 *“We are unable to reach you after numerous attempts. I have attached a copy of the No*
12 *Response Letter – Final Notice, outlining our attempts to contact you regarding an*
13 *examination for your registered investment advisory business, CRD# 299647 Nash Financial*
14 *Services LLC. We understand that you have indicated that you have been impacted by the*
15 *coronavirus (COVID-19); however, we require a response as to how your firm has been*
16 *impacted, and possible future examination dates.”*

17 The Department’ examination unit also mailed a letter to Nash Financial’s office address requesting
18 a response, stating that the letter was the Department’s final notice to Nash Financial, and that the
19 *“investment adviser certificate may be suspended or revoked”* for failure to comply.

20 17. To date, Nash Financial has not updated its contact information in CRD, provided any
21 response to the Department’s numerous attempts for records, or otherwise contacted the Department.
22 Nash Financial has failed to produce all books and records requested by the Department’s
23 examination staff and has failed to submit to the Regulatory Examination.

24 18. Also, Nash Financial did not pay its annual renewal fee for 2020, which was due by
25 December 31, 2020 pursuant to Corporations Code section 25608, subdivision (q).

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III.

Grounds Exists to Revoke Nash Financial’s Investment Adviser Certificate.

19. Nash Financial’s investment adviser certificate should be revoked because Nash Financial violated numerous provisions of the CSL and CCR.

20. 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.

(Corp. Code, § 25232, subd. (h).)

21. CSL section 25241 provides in pertinent part:

(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.

(Corp. Code, § 25241.)

22. 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

1 the end of the fiscal year during which the last entry was made on such record.” (Cal. Code Regs.,
2 tit. 10, § 260.241.3.)

3 23. The Department’s examination unit made numerous attempts to schedule the
4 Regulatory Examination of Nash Financial. Despite these efforts, Nash Financial continued to delay
5 the Regulatory Examination, and has not responded to the Department, after having previously done
6 so via email and phone.

7 24. Nash Financial’s failure to produce all books and records requested by the
8 Department’s examination unit and to submit to the Regulatory Examination constitutes violations of
9 CSL section 25241 and CCR section 260.241.3.

10 25. CSL section 25608 provides in pertinent part:

11 (q) (1) Except as provided for in paragraph (2), the fee for filing an application for an
12 investment adviser under Section 25231 is one hundred twenty-five dollars (\$125),
13 and payment of this amount shall keep the certificate, if granted, in effect during the
14 calendar year during which it is granted. Every investment adviser who has secured
15 from the commissioner a certificate shall, in order to keep the certificate in effect for
16 an additional period, pay a renewal fee of one hundred twenty-five dollars (\$125) on
17 or before the 31st day of December.

18 (Corp. Code, § 25608, subd. (q)(1).)

19 26. Nash Financial’s failure to pay the investment adviser certificate annual renewal fee
20 constitutes a violation of CSL section 25608.

21 27. The Commissioner finds that, by reason of the foregoing, Nash Financial has violated
22 CSL section 25241 and CCR section 260.2441.3 by failing to respond to the Commissioner’s
23 demand for record and failing to submit to the Regulatory Examination. Nash Financial also violated
24 CSL section 25608 by failing to pay the investment adviser certificate annual renewal fee. Based
25 thereon, grounds exist to revoke the investment adviser certificate issued to Nash Financial.

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V.

Prayer.

WHEREFORE, IT IS PRAYED that based upon the foregoing, the Commissioner finds it is in the public interest to revoke the investment adviser certificate of Nash Financial, LLC pursuant to CSL section 25232.

Dated: February 3, 2021
Sacramento, CA

MANUEL P. ALVAREZ
Commissioner of Financial Protection and Innovation



By _____
Steven Vong
Counsel
Enforcement Division