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

In the Matter of:)	CRD NO.: 140811
)	
THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION,)	STATEMENT IN SUPPORT OF ORDER
Complainant,)	LEVYING ADMINISTRATIVE PENALTIES
v.)	(Corp. Code, § 25252)
)	
R.J. FUCHS ADVISORY SERVICES, an)	
entity,)	
Respondent.)	
)	
)	
)	

The Commissioner of Financial Protection and Innovation (Commissioner) is informed and believes, and based upon such information and belief, alleges and charges as follows:

I.
Jurisdiction

1. The Commissioner has jurisdiction over the licensing and regulation of persons and entities engaged in the business of investment advising under the Corporate Securities Law of 1968 (CSL) (Corp. Code, § 25000 et seq.). The Commissioner is authorized to administer and enforce the CSL, and the rules and regulations promulgated under the CSL in title 10 of the California Code of Regulations (CCR).¹

¹ Unless otherwise indicated, all further references to the California Code of Regulations are to title 10.

1 (c). R.J. Fuchs Advisory Services’ failure to submit to a reasonable examination is detailed below.

2 8. From August 24, 2018 through September 18, 2018, an examiner with the
3 Department made multiple attempts to contact Fuchs to schedule a routine examination. Fuchs
4 ignored the Department’s attempt to contact him, and failed to respond to the Department’s requests.

5 9. On or about September 18 and 21, 2018, the examiner went to R.J. Fuchs Advisory
6 Services’ place of business, and started the fieldwork of the examination. The Department reviewed
7 R.J. Fuchs Advisory Services’ books and records, and information submitted by Fuchs.

8 **Failure to Maintain Books and Records**

9 10. Corporations Code section 25241, subdivision (a) provides that every licensed
10 investment adviser shall make and keep accounts, correspondence, memorandums, papers, books,
11 and other records and shall file financial and other reports as the Commissioner by rule requires.

12 11. The Examination revealed that R.J. Fuchs Advisory Services failed to prepare or
13 maintain accurate or current books and records, in violation of Corporations Code section 25241,
14 subdivision (a) and CCR section 260.241.3.

15 12. Fuchs failed to provide the examiner R.J. Fuchs Advisory Services’ books and
16 records, including the firm’s standard investment advisory agreement. On or about November 3,
17 2018, the examiner sent an email to Fuchs following up on the R.J. Fuchs Advisory Services’
18 investment advisory agreements. Fuchs replied that “No I was never able to find the Investment
19 Advisory Agreement.”

20 13. The Examination also revealed that R.J. Fuchs Advisory Services directly deducted
21 advisory fees from client accounts without sending billing invoices to clients. Therefore, R.J. Fuchs
22 Advisory Services had custody over the clients’ funds and securities and was held to the higher
23 standards and financial requirements, as set forth in CCR sections 260.237, 260.237.2, 260.241.2
24 and 260.241.3.

25 14. CCR section 260.241.3, subdivision (a) requires every licensed investment adviser to
26 make and keep true, accurate and current the following books and records relating to such person’s
27 investment advisory business.

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1 15. R.J. Fuchs Advisory Services failed to prepare or maintain accurate or current
2 accounting records, failed to maintain monthly financial books and records relating to the investment
3 advisory business, failed to maintain monthly reconciliations of its bank and brokerage accounts, in
4 violation of Corporations Code section 25241, subdivision (a), and CCR section 260.241.3,
5 subdivision (a).

6 16. CCR section 260.237.2 requires every investment adviser who has custody of client
7 funds or securities to maintain at all times the minimum financial requirements (MFR).

8 17. R.J. Fuchs Advisory Services failed to prepare monthly financials and maintain
9 records of the computations of the MFR required by CCR section 260.237.2, in violation of
10 Corporations Code section 25241, subdivision (a), and CCR section 260.241.3, subdivision (a). This
11 failure prevented the Department from determining whether the R.J. Fuchs Advisory Services' net
12 worth met or exceeded the MFR.

13 18. R.J. Fuchs Advisory Services failed to maintain monthly computations of its
14 minimum net worth, in violation of CCR section 260.241.3. R.J. Fuchs Advisory Services failed to
15 show that it maintained a minimum net worth as required by CCR section 260.237.2, subdivision (a),
16 and failed to file interim reports as required by CCR section 260.241.2, subdivision (d).

17 **Failure to File Annual Financial Reports**

18 19. The Examination further revealed that R.J. Fuchs Advisory Services failed to file
19 annual financial reports prepared in accordance with generally accepted accounting principles and
20 audited by either an independent certified public accountant or independent public accountant, in
21 violation of Corporations Code section 25241, subdivision (a). R.J. Fuchs Advisory Services has
22 failed to file its annual financial report since 2006.

23 **Investment Advisory Activities Not Promoting Fair, Equitable, and Ethical Principles**

24 20. Corporations Code section 25238 provides that no investment adviser and no
25 natural person associated with the investment adviser shall engage in investment advisory
26 activities, or attempt to engage in investment advisory activities, in this state in contradiction of
27 such rules as the Commissioner may prescribe designed to promote fair, equitable and ethical
28 principles.

1 21. The following activities do not promote “fair, equitable or ethical principles,” as
2 that phrase is used in Corporations Code section 25238:

3 22. CCR section 260.238, subdivision (n), requires that all investment advisory contracts
4 must be in writing and disclose, in substance, the services to be provided, the terms of the contract
5 and the advisory fee or the formula for calculating the fee.

6 23. R.J. Fuchs Advisory Services claimed to have executed investment advisory
7 agreements with its four clients. Fuchs could not locate the executed investment advisory agreements
8 or a blank investment advisory agreement, in violation of Corporations Code section 25238 and
9 CCR section 260.238, subdivision (n).

10 24. CCR section 260.238, subdivision (a) requires all investment advisers to recommend
11 to a client to whom investment supervisory, management or consulting services are provided the
12 purchase, sale or exchange of any security without reasonable grounds to believe that the
13 recommendation is suitable for the client on the basis of information furnished by the client after
14 reasonable inquiry concerning the client's investment objectives, financial situation and needs, and
15 any other information known or acquired by the adviser after reasonable examination of such of the
16 client's records as may be provided to the adviser.

17 25. R.J. Fuchs Advisory Services failed to maintain suitability documentation regarding
18 client’s risk tolerance and investment objectives for its four clients, in violation of Corporations
19 Code section 25238 and CCR section 260.238, subdivision (a).

20 26. CCR section 260.238, subdivision (o) prohibits making any untrue statement of a
21 material fact or omitting a statement of material fact necessary in order to make the statements made,
22 in light of the circumstances under which they are made, not misleading in the solicitation of
23 advisory clients.

24 27. Fuchs told the Department that R.J. Fuchs Advisory Services distributed performance
25 reports to its clients. No supporting documentation to substantiate the accuracy of its 2017 and 2018
26 performance reports for its four clients were provided to the Department, in violation of
27 Corporations Code section 25238 and CCR section 260.238, subdivision (o).

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Fraudulent, Deceptive or Manipulative Act, Practice or Course of Business

28. It is unlawful and deemed to be a fraudulent, deceptive, or manipulative act, practice or course of business within the meaning of Corporations Code section 25235, for an investment adviser that has custody or possession of client funds or securities, to fail to comply with the safekeeping requirements of CCR section 260.237.

29. CCR section 260.237, subdivision (a)(6), requires all funds and securities of clients to be verified by actual examination at least once during each calendar year by an independent certified public accountant or public accountant at a time which shall be chosen by the accountant without prior notice to the investment adviser. A certificate of the accountant stating that such person has made an examination of the funds and securities, and describing the nature and extent of the examination, shall be filed with the Commissioner promptly after each examination.

30. R.J. Fuchs Advisory Services failed to engage an independent certified public accountant or public accountant to conduct a surprise and independent verification of client funds and securities, in violation of CCR section 260.237, subdivision (a)(6).

31. CCR section 260.235, subdivision (a)(5) makes a fraudulent, deceptive, or manipulative act, practice or course of business, within the meaning of Section 25235, for an investment adviser, directly or indirectly, to publish, circulate or distribute any advertisement which contains any untrue statement of a material fact, or which is otherwise false or misleading.

32. Fuchs’ business card shows “Ca. Insurance License #0507481.” The California Department of Insurance’s website reflects this is an inactive license, in violation of Corporations Code section 25235, and CCR section 260.235, subdivision (a)(5). Fuchs represented that he does not plan to engage in insurance activities.

Reporting Requirements FINRA

33. Pursuant to CCR section 260.236.1, investment advisers are required to properly file a Form U4, through the Financial Industry Regulatory Authority’s (FINRA) Central Registration Depository system, for each investment adviser representative or associated person of the investment adviser.

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1 34. Fuchs’ registration status with FINRA was listed as “FTR,” failure to renew. R.J.
2 Fuchs Advisory Services failed to properly file a Form U4 for Fuchs, in violation of Corporations
3 Code section 25230, and CCR section 260.236.1, subdivisions (a) and (b).

4 35. In addition, Fuchs’ January 2011 Form U4 (CRD No. 1374643) filed with FINRA
5 was inaccurate or incomplete, CCR section 260.236.1, subdivisions (a) and (b).

6 36. Pursuant to CCR section 260.241.4, subdivision (e), each licensed investment adviser
7 is required to file an annual updating amendment, in accordance with the instruction in Form ADV,
8 within 90 days of the end of the investment adviser's fiscal year.

9 37. R.J. Fuchs Advisory Services failed to file its Form ADV since May 14, 2013, in
10 violation of CCR section 260.241.4, subdivision (e). R.J. Fuchs Advisory Services’ Form ADV form
11 dated May 14, 2013 was untimely filed.

12 38. Pursuant to CCR section 260.241.4, subdivision (a), each licensed investment adviser
13 is required to promptly file an amendment to its application setting forth any changed information.
14 R.J. Fuchs Advisory Services’ May 14, 2013 Form ADV was inaccurate or incomplete.

15 39. R.J. Fuchs Advisory Services failed to file the required amendments to its Form
16 ADV, in violation of CCR section 260.241.4, subdivision (a).

17 **Continued Failure to Submit to a Reasonable Examination**

18 40. On or about April 30, 2019, the Department sent R.J. Fuchs Advisory Services a
19 regulatory examination report (Examination Report) explaining and citing all the violations
20 discovered during the Examination. R.J. Fuchs Advisory Services was required to respond to the
21 Examination Report by May 15, 2019, and provide the required reports, documents and financials,
22 and file an audited financial report. R.J. Fuchs Advisory Services failed to respond to the
23 Examination Report by the May 15, 2019 deadline.

24 41. From August 9, 2019 to August 20, 2019, the Department made several attempts to
25 contact R.J. Fuchs Advisory Services and Fuchs regarding the violations and the Examination
26 Report, but R.J. Fuchs Advisory Services failed to respond.

27 42. On or about September 9, 2019 and October 10, 2019, the Department sent delinquent
28 notices (letters sent via certified mail-return receipt requested) to R.J. Fuchs Advisory Services

1 notifying its failure to respond to the Examination Report, and demanding that R.J. Fuchs Advisory
2 Services respond within 20 days of the letters. The notices were unclaimed and returned to the
3 Department.

4 43. On or about November 7, 2019, the examiner spoke to Fuchs regarding the failure to
5 respond to the Examination Report and the unclaimed and returned letters. Fuchs stated that he did
6 not take receipt of the letters because he thought they were from a tax agency. Fuchs stated that he
7 would respond to the Examination Report. Yet, the Department’s requests continued to be ignored.

8 44. On or about April 10 and May 7, 2020, the Department made more attempts to
9 contact Fuchs.

10 45. On or about May 18, 2020, a year after the deadline to respond to the Examination
11 Report, the Department received R.J. Fuchs Advisory Services’ long-delayed response to the
12 Examination Report. The response included unintelligible handwritten notes by Fuchs, and failed to
13 address all the violations cited in the Examination Report. The Department considers the response to
14 be deficient and incomplete.

15 46. On or about May 29, 2020 and June 1, 2020, the Department made multiple attempts
16 to contact Fuchs and R.J. Fuchs Advisory Services regarding their deficient and incomplete
17 response.

18 47. On or about June 1, 2020, the examiner spoke to Fuchs and explained that the
19 response was deficient and incomplete, and also explained the required responses to address the
20 violations cited in the Examination Report.

21 48. Later that day, Fuchs sent an email to the Department, stating in part, “This response
22 is to confirm that you have reviewed the information that I had sent [to] you but you indicated that it
23 still wasn’t satisfactory[.] You were patient in explaining to me the necessary material you now need
24 and I said that I believe I will be able to find it.” R.J. Fuchs Advisory Services never provided a
25 sufficient, satisfactory, or complete response to the Examination Report.

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54. Corporations Code section 25235 provides in relevant part:
It is unlawful for any investment adviser, directly or indirectly, in this state:
(a) To employ any device, scheme, or artifice to defraud any client or prospective client.
(b) To engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon any client or prospective client.
55. Corporations Code section 25238 provides:
No investment adviser licensed under this chapter and no natural person associated with the investment adviser shall engage in investment advisory activities, or attempt to engage in investment advisory activities, in this state in contradiction of such rules as the commissioner may prescribe designed to promote fair, equitable and ethical principles.
56. California Code of Regulations, title 10, section 260.236.1, provides in relevant part:
(a) The procedures set forth in this subsection are applicable to investment advisers licensed pursuant to Section 25230 of the Code. References to an investment adviser representative shall mean both an investment adviser representative and an associated person of an investment adviser, as those terms are defined in Section 25009.5(a) of the Code.
...
(2) Upon employment or engagement of an individual as an investment adviser representative, the investment adviser shall file Form U4 with CRD in accordance with its procedures, and pay the fee prescribed by Section 25608(p) for transmission to the Commissioner. Form U4, including any Disclosure Reporting Page(s), shall be completed in accordance with the form instructions. The filing of Form U4 with CRD does not constitute an automatic “approval” of the filing by the Commissioner. Investment advisers shall not consider an investment adviser representative “registration” with CRD approved until approved by the Commissioner and the approval has been received by CRD. If requested by the Commissioner, additional information, documentation or detail pertaining to Form U4 or the investment adviser representative’s compliance with the qualification requirements shall be filed directly with the Commissioner within 15 days from the date of the request. In accordance with Section 250.16, Form U4 may be abandoned if the Commissioner does not receive the requested information within the time prescribed. The Commissioner shall “reject” with CRD an abandoned Form U4.
...
(b) The procedures set forth in this subsection are applicable to investment adviser representatives subject to the provisions of Section 25230.1(c) of the Code.

1 (1) The reporting of an investment adviser representative shall be
2 made by completing Form U4 in accordance with the form instructions
3 and by filing Form U4 with CRD in accordance with its procedures,
4 and by paying the fee prescribed by Section 25608.1(d) for
5 transmission to the Commissioner.

6 The filing of Form U4 with CRD does not constitute an automatic
7 “approval” of the filing by the Commissioner. An investment adviser
8 representative “registration” with CRD shall not be considered
9 approved until approved by the Commissioner and the approval has
10 been received by CRD. If requested by the Commissioner, additional
11 information, documentation or detail pertaining to Form U4 or the
12 investment adviser representative's compliance with the qualification
13 requirements shall be filed directly with the Commissioner within 15
14 days from the date of the request. In accordance with Section 250.16,
15 Form U4 may be abandoned if the Commissioner does not receive the
16 requested information within the time prescribed. The Commissioner
17 shall “reject” with CRD an abandoned Form U4.

18 (2) Within thirty (30) days of any changes to the information contained
19 in Form U4, an amendment to Form U4 shall be filed with CRD. If
20 Form U4 is amended due to a disciplinary occurrence, a copy of the
21 amendment shall be filed directly with the Commissioner upon
22 request.

23 57. California Code of Regulations, title 10, section 260.237, provides in relevant part:

24 (a) Safekeeping required. It is unlawful and deemed to be a fraudulent,
25 deceptive, or manipulative act, practice or course of business within
26 the meaning of Section 25235 of the Code for an investment adviser
27 licensed or required to be licensed, to have custody of client funds or
28 securities unless:

...

(6) Independent Verification. The client funds and securities of which
the investment adviser has custody are verified by actual examination
at least once during each calendar year, by an independent certified
public accountant, pursuant to a written agreement between the
investment adviser and the independent certified public accountant, at
a time that is chosen by the independent certified public accountant
without prior notice or announcement to the investment adviser and
that is irregular from year to year. The written agreement must provide
for the first examination to occur within six months of becoming
subject to this paragraph, except that, if the investment adviser
maintains client funds or securities pursuant to this section as a
qualified custodian, the agreement must provide for the first
examination to occur no later than six months after obtaining the

1 internal control report required by paragraph (a)(7)(B). The written
2 agreement must require the independent certified public accountant to:

3 (A) File a certificate on Form ADV-E, Expires January 31, 2016,
4 hereby incorporated by reference, with the Commissioner within 120
5 days of the time chosen by the independent certified public accountant
6 in section (a)(6) of this section, stating that it has examined the funds
7 and securities and describing the nature and extent of the examination;

8 (B) Upon finding any material discrepancies during the course of the
9 examination, notify the Commissioner within one business day of the
10 finding, by means of a facsimile transmission or electronic mail,
11 followed by first class mail, directed to the attention of the
12 Commissioner; and

13 (C) Upon resignation or dismissal from, or other termination of, the
14 engagement, or upon removing itself or being removed from
15 consideration for being reappointed, file within four business days
16 Form ADV-E accompanied by a statement that includes:

17 1. The date of such resignation, dismissal, removal, or other
18 termination, and the name, address, and contact information of the
19 independent certified public accountant; and

20 2. An explanation of any problems relating to examination scope or
21 procedure that contributed to such resignation, dismissal, removal, or
22 other termination.

23 58. California Code of Regulations, title 10, section 260.237.2, provides in relevant part:

24 (a) Every investment adviser who has custody of client funds or
25 securities shall maintain at all times a minimum net worth of \$35,000,
26 and every investment adviser who has discretionary authority over
27 client funds or securities but does not have custody of client funds or
28 securities, shall maintain at all times a minimum net worth of \$10,000.
...

(j) For purposes of subsection (c) of this rule, if the failure to discover
that an investment adviser's net worth is less than the minimum
required is the result of the investment adviser's failure to keep true,
accurate and current the books and records required under Section
260.241.3, the investment adviser will be deemed to have discovered
that the investment adviser's net worth is less than the minimum
required by this section.

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1 59. California Code of Regulations, title 10, section 260.235, provides in relevant part:

2 (a) It shall constitute a fraudulent, deceptive, or manipulative act,
3 practice or course of business, within the meaning of Section 25235 of
4 the Code, for an investment adviser, directly or indirectly, to publish,
5 circulate or distribute any advertisement:

6 ...

7 (5) which contains any untrue statement of a material fact, or which is
8 otherwise false or misleading.

9 60. California Code of Regulations, title 10, section 260.238, provides in relevant part:

10 The following activities do not promote “fair, equitable or ethical
11 principles,” as that phrase is used in Section 25238 of the Code:

12 (a) Recommending to a client to whom investment supervisory,
13 management or consulting services are provided the purchase, sale or
14 exchange of any security without reasonable grounds to believe that
15 the recommendation is suitable for the client on the basis of
16 information furnished by the client after reasonable inquiry concerning
17 the client’s investment objectives, financial situation and needs, and
18 any other information known or acquired by the adviser after
19 reasonable examination of such of the client’s records as may be
20 provided to the adviser.

21 ...

22 (n) Entering into, extending or renewing any investment advisory
23 contract, other than a contract for impersonal advisory services, unless
24 such contract is in writing and discloses, in substance, the services to
25 be provided, the term of the contract, the advisory fee or the formula
26 for computing the fee the amount or the manner of calculation of the
27 amount of the prepaid fee to be returned in the event of contract
28 termination or nonperformance, whether the contract grants
discretionary power to the adviser or its representatives.

...

(o) Making any untrue statement of a material fact or omitting a
statement of material fact necessary in order to make the statements
made, in light of the circumstances under which they are made, not
misleading in the solicitation of advisory clients.

61. California Code of Regulations, title 10, section 260.241.3, provides in relevant part:

(a) Every licensed investment adviser shall make and keep true,
accurate and current the following books and records relating to such
person’s investment advisory business:

(1) A journal or journals, including cash receipts and disbursements
records, and any other records of original entry forming the basis of
entries in any ledger.

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(2) General and auxiliary ledgers (or other comparable records) reflecting asset, liability, reserve, capital, income and expense accounts.

...

(4) All check books, bank statements, cancelled checks and cash reconciliations of the investment adviser.

...

(5) All bills or statements (or copies thereof), paid or unpaid, relating to the business of the investment adviser as such.

...

(6) All trial balances, financial statements, worksheets that contain computations of minimum financial requirements required under Section 260.237.2, of these rules, and internal audit working papers relating to the business of such investment adviser.

62. California Code of Regulations, title 10, section 260.241.2, provides in relevant part:

(a) General Rule. Subject to the provisions of subsection (c) of this section, every licensed broker-dealer, and every licensed investment adviser subject to the provisions of Section 260.237.2 of these rules, shall file an annual financial report, as follows:

...

(2) The annual report for an investment adviser shall contain a balance sheet, income statement, and computations of the minimum financial requirements required under Section 260.237.2 of these rules.

(3) The financial statements included in the annual report shall be prepared in accordance with generally accepted accounting principles and shall be audited by either an independent certified public accountant or independent public accountant; provided, however, the financial statements need not be audited if:

The broker-dealer or investment adviser has not held or accepted custody of funds and securities for or owed money or securities to customers or clients during the period covered by the report; and

...

(B) if the licensee is an investment adviser, the investment adviser only has discretionary authority over client funds or securities, the investment adviser has taken only limited powers of attorney to execute transactions on behalf of its clients, or the investment adviser does not accept prepayment of more than \$500 per client for more than six months in advance; or

(C) as otherwise permitted by the Commissioner.

(4) The report shall be filed not more than 90 days after the investment adviser or broker-dealer's fiscal year end.

1 (5) Whenever the Commissioner so requires, a financial report shall be
2 filed as of the date, and within the period, and in the form specified in
3 the Commissioner's request. The Commissioner may require the
4 financial report to be audited.

5 ...
6 (b) Verification of Reports. Attached to each financial report filed with
7 the Commissioner shall be a verification that, to the best knowledge
8 and belief of the person making the verification,

9 (1) the financial statements and supporting schedules are true and
10 correct, and

11 (2) neither the broker-dealer nor any partner, officer, or director
12 thereof has any proprietary interest in any account classified solely as
13 that of a customer. If the broker-dealer or investment adviser is a sole
14 proprietorship, the verification shall be made by the proprietor; if a
15 partnership, by a general partner; or if a corporation, by a duly
16 authorized officer.

17 (c) Exemption. The provisions of subsection (a) of this section shall
18 not apply to any broker-dealer registered under the Securities
19 Exchange Act of 1934 (15 USC 78a et seq.), provided that, upon
20 request of the Commissioner, the broker-dealer files with, or transmits
21 for filing to, the Commissioner a copy of any report under Rule 17a-5
22 (17 CFR 240.17a-5).

23 (d) Interim Reports.

24 ...

25 (2) Every investment adviser subject to the provisions of Section
26 260.237.2 of these rules shall file a report within 15 days after its net
27 worth is reduced to less than 120% of its required minimum net worth.

28 (3) The report required by subsections (d)(1) and (d)(2) of this section
shall be as of a date within the 15 day period. Additional reports shall
be filed within 15 days after each subsequent monthly accounting
period until three successive months have elapsed during which none
of the conditions specified in subsection (d)(1) or (d)(2) of this section
have occurred.

(4) For an investment adviser, the interim report shall consist of a
balance sheet, income statement, and computation of the minimum
financial requirement under Section 260.237.2 of these rules, including
the verification in subdivision (b) of this section.

63. California Code of Regulations, title 10, section 260.241.4, provides in relevant part:

(a) Each licensed broker-dealer and each licensed investment adviser
shall, upon any change in the information contained in its application
for a certificate (other than financial information contained therein)
promptly file an amendment to such application setting forth the
changed information.

...

1 (e) A licensed investment adviser shall file an annual updating
2 amendment, in accordance with the instruction in Form ADV, with
3 IARD in accordance with its procedures for transmission to the
Commissioner within ninety (90) days of the end of the investment
adviser’s fiscal year.

4 **IV.**

5 **Prayer**

6 64. For the foregoing reasons, the Commissioner finds that R.J. Fuchs Advisory Services
7 willfully failed to submit to a reasonable examination, in violation of Corporations Code section
8 25241, subdivision (c); failed to keep or maintain books and records, and failed to maintain
9 computation of minimum financial requirements, in violation of Corporations Code section 25241,
10 subdivision (a); failed to file the required annual reports with the Commissioner, in violation of
11 Corporations Code section 25241, subdivision (a); engaged in investment advisory activities not
12 promoting fair, equitable, and ethical principle, in violation of Corporations Code section 25238;
13 conducted business in an unsafe and injurious manner, pursuant to Corporations Code section 25250;
14 and engaged in fraudulent, deceptive, or manipulative acts, practices or course of business, in
15 violation of Corporations Code section 25235. R.J. Fuchs Advisory Services also violated CCR
16 sections 260.241.3, 260.237.2, 260.238, 260.237, 260.235, 260.236.1, 260.241.4, and 260.241.2.

17 65. The Commissioner has grounds to issue an order levying administrative penalties
18 under Corporations Code section 25252, subdivision (b). Such an order is necessary and appropriate
19 in the public interest and for the protection of investors.

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1 WHEREFORE, good cause showing, and pursuant to Corporations Code section 25252,
2 subdivision (b), the Commissioner prays for an order levying administrative penalties against R.J.
3 Fuchs Advisory Services, as follows:

4 That pursuant to Corporations Code section 25252, the Commissioner levy administrative
5 penalties of \$5,000.00 for the first violation of the Corporations Code or Code of Regulations,
6 \$10,000.00 for the second violation, and \$15,000.00 for each subsequent violation according to
7 proof, but not less than \$75,000.00.

8 Dated: May 5, 2021
9 San Diego, California

MANUEL P. ALVAREZ
Commissioner of Financial Protection and Innovation

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11 By: _____
12 AFSANEH EGHBALDARI
13 Senior Counsel
14 Enforcement Division
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