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 Commissioner  
 2 MARY ANN SMITH  
 Deputy Commissioner  
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11  
 12 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION  
 13 OF THE STATE OF CALIFORNIA

14 In the Matter of:

CRD NO.: 135185

15 THE COMMISSIONER OF FINANCIAL  
 16 PROTECTION AND INNOVATION,

STATEMENT IN SUPPORT OF ORDER TO  
 DISCONTINUE VIOLATIONS PURSUANT  
 TO CORPORATIONS CODE SECTION 25249

17 Complainant,

18 v.

19 JONATHAN PITTS CARROLL DBA  
 20 CARROLL & COMPANY CAPITAL  
 21 MANAGEMENT,

22 Respondent.  
 23

24 The Commissioner of Financial Protection and Innovation (Commissioner) alleges and  
 25 charges as follows:

26 1. JONATHAN PITTS CARROLL DBA CARROLL & COMPANY CAPITAL  
 27 MANAGEMENT (JPC) is a Texas formed Sole Proprietorship, with its principal office located at  
 28 801 TRAVIS, SUITE 2100 C, HOUSTON, TX 77002.

1           2.       JPC holds a valid investment adviser certificate issued by the Commissioner pursuant  
2 to Corporations Code section 25230. JPC is assigned Central Registration Depository (CRD)  
3 Number of 135185.

4           3.       JONATHAN P. CARROLL (CRD 1594175) is the 100% owner and investment  
5 adviser representative of JPC.

6           4.       On June 30, 2022, the Commissioner instructed JPC to file an annual amendment to  
7 its Form ADV in Investment Adviser Registration Depository (IARD) no later than 30 days after  
8 June 30, 2022, the date of the letter.

9           5.       According to the IARD, investment adviser has not filed an annual updating  
10 amendment to its Form ADV for 2022. Pursuant to California Code of Regulations, title 10, section  
11 260.241.4, subdivision (e), a licensed investment adviser shall file an annual updating amendment, in  
12 accordance with the instructions in Form ADV, with IARD in accordance with its procedures for  
13 transmission to the Commissioner within ninety (90) days of the end of the investment adviser's  
14 fiscal year.

15          6.       To date, the JPC did not file an update to its Form ADV on IARD.

16          7.       Corporations Code section 25241 provides, in relevant part, that:

17               (a) Every broker-dealer or investment adviser licensed under Section  
18 25230 shall make and keep accounts, correspondence, memorandums,  
19 papers, books, and other records and shall file financial and other  
reports as the commissioner by rule requires . . .

20          8.       Corporations Code section 25242, subdivision (c)(2), states in relevant part, that:

21               (c) The commissioner may summarily suspend or revoke the  
22 certificate of a broker-dealer or investment adviser if he or she . . . (2)  
23 fails to file any report required under Section 25241 within 10 days  
after notice by the commissioner that the report is due.

24          9.       Cal. Code of Regs., tit. 10, section 260.241.4, provides:

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

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(d) A licensed investment adviser shall file changed information contained in its Form ADV with the Investment Adviser Registration Depository (“IARD”) in accordance with its procedures for transmission to the Commissioner.

(e) A licensed investment adviser shall file an annual updating amendment, in accordance with the instruction in Form ADV, with 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.

(f) A licensed investment adviser shall notify the Commissioner of the employment or engagement of any new investment adviser representative, as defined in Section 25009.5(a) of the Code and the termination thereof in accordance with Section 260.236.1.

10. Corporations Code section 25249 authorizes the Commissioner to issue an order directing any investment adviser to discontinue any violation of the Financial Code, Corporations Code, or any rules promulgated thereunder. Specifically, Corporations Code section 25249 provides, in pertinent part, that:

If, after examination or investigation, the commissioner has reasonable grounds to believe that any broker-dealer or investment adviser has violated any law or rule binding upon it, the commissioner shall, by written order addressed to the broker-dealer investment adviser, direct the discontinuance of the violation. The order shall be effective immediately, but shall not become final except in accordance with the provisions of Section 25251.

11. Corporations Code section 25251 provides, in relevant part, that:

(a) No order issued pursuant to Section 25249 or 25250 may become final except after notice to the affected broker-dealer or investment adviser of the commissioner’s intention to make the order final and of the reasons for the finding. The commissioner shall also notify the broker-dealer or investment adviser that upon receiving a request the matter shall be set for hearing to commence within 15 business days after receipt of the request. The broker-dealer or investment adviser may consent to have the hearing commence at a later date. If no hearing is requested within 30 days after the mailing or service of the required notice, and none is ordered by the commissioner, the order may become final without a hearing and the broker-dealer or investment adviser shall immediately discontinue practices named in the order.

If a hearing is requested or ordered, it shall be held in accordance with the provisions of the Administrative Procedure Act (Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of



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13. Therefore, pursuant to Corporations Code section 25249, the Commissioner has issued an order directing JONATHAN PITTS CARROLL DBA CARROLL & COMPANY CAPITAL MANAGEMENT to discontinue violating Corporations Code section 25241, subdivision (a), as well as California Code of Regulations, title 10, section 260.241.4, subdivision (e).

WHEREFORE, good cause showing, and pursuant to Corporations Code section 25251, the Commissioner the Commissioner finds this action is appropriate, in the public interest, for the protection of investors, and consistent with the purposes fairly intended by the policies and procedures of the Corporate Securities Law of 1968 (Corp. Code, § 25000 et seq.).

Dated: September 8, 2022

CLOTHILDE V. HEWLETT  
Commissioner of Financial Protection and Innovation

By \_\_\_\_\_  
BALBIRO KAZLA  
Deputy Commissioner  
Broker-Dealer Investment Adviser Division