

CLOTHILDE V. HEWLETT
Commissioner
MARY ANN SMITH
Deputy Commissioner
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Attorneys for Complainant

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

In the Matter of:

CRD NO.: 309821

THE COMMISSIONER OF FINANCIAL
PROTECTION AND INNOVATION,

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

Complainant,

v.

ECONOMETRIC STRATEGIES LLC,

Respondent.

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

1. ECONOMETRIC STRATEGIES LLC (ECONOMETRIC STRATEGIES LLC) is a California formed Limited Liability Company, with its principal office located at 530 SHOWERS DRIVE STE 7-379, MOUNTAIN VIEW, CA 94040.

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2. ECONOMETRIC STRATEGIES LLC holds a valid investment adviser certificate issued by the Commissioner pursuant to Corporations Code section 25230. ECONOMETRIC STRATEGIES LLC is assigned Central Registration Depository (CRD) Number of 309821.
3. CASSIDY, PAUL, DANIEL (CRD 2906109) is the 100% owner and investment adviser representative of ECONOMETRIC STRATEGIES LLC.
4. On June 30, 2022, the Commissioner instructed ECONOMETRIC STRATEGIES LLC to file an annual amendment to its Form ADV in Investment Adviser Registration Depository (IARD) no later than 30 days after June 30, 2022, the date of the letter.
5. According to the IARD, investment adviser has not filed an annual updating amendment to its Form ADV for 2022. Pursuant to California Code of Regulations, title 10, section 260.241.4, subdivision (e), a licensed investment adviser shall file an annual updating amendment, in accordance with the instructions 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.
6. To date, the ECONOMETRIC STRATEGIES LLC did not file an update to its Form ADV on IARD.
7. Corporations Code section 25241 provides, in relevant part, that:
 - (a) Every broker-dealer or 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 . . .
8. Corporations Code section 25242, subdivision (c)(2), states in relevant part, that:
 - (c) The commissioner may summarily suspend or revoke the certificate of a broker-dealer or investment adviser if he or she . . . (2) fails to file any report required under Section 25241 within 10 days after notice by the commissioner that the report is due.
9. Cal. Code of Regs., tit. 10, section 260.241.4, provides:
 - (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.

...

(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 the Government Code), and the commissioner shall have all of the powers granted under that act. If, upon the conclusion of the hearing, it appears to the commissioner that the broker-dealer or investment adviser is conducting business in an unsafe and injurious manner or is violating any law of this state, or any rule binding upon it, the commissioner shall make the order of discontinuance final and the broker-dealer or investment adviser shall immediately discontinue the practices named in the order.

(b) The broker-dealer or investment adviser may within 10 days after an order is made final commence an action to restrain enforcement of that order. If the enforcement of that order is not enjoined within 10 days by the court in which the action is brought, the broker-dealer or investment adviser shall comply with the order.

12. By reason of the foregoing, ECONOMETRIC STRATEGIES LLC violated Corporations Code sections 25241, subdivision (a), and California Code of Regulations, title 10, section 260.241.4, subdivision (e), which justifies the issuance of an Order to Discontinue Violations. ECONOMETRIC STRATEGIES LLC, as a licensed investment adviser, was obligated to have knowledge of, and to comply with, the provisions of the Corporations Code, and regulations promulgated thereunder.

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1 13. Therefore, pursuant to Corporations Code section 25249, the Commissioner has
2 issued an order directing ECONOMETRIC STRATEGIES LLC to discontinue violating
3 Corporations Code section 25241, subdivision (a), as well as California Code of Regulations, title
4 10, section 260.241.4, subdivision (e).

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

9 Dated: September 8, 2022

CLOTHILDE V. HEWLETT

Commissioner of Financial Protection and Innovation

11 By _____

12 BALBIRO KAZLA

13 Deputy Commissioner

14 Broker-Dealer Investment Adviser Division
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