

1 CLOTHILDE V. HEWLETT
Commissioner
2 MARY ANN SMITH
Deputy Commissioner
3 DANIEL P. O'DONNELL
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5 Counsel
6 Department of Financial Protection and Innovation
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Attorneys for Complainant

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

11 In the Matter of:

12 THE COMMISSIONER OF FINANCIAL
13 PROTECTION AND INNOVATION,

14 Complainant,

15 v.

16 KEVIN H. PAFFRATH

17 Respondent.

CRD No.: 7493981

CONSENT ORDER

18 The Commissioner of Financial Protection and Innovation (Commissioner) and respondent
19 Kevin H. Paffrath (Paffrath) enter into this Consent Order (Order) with respect to the following facts:

20 **I.**

21 **RECITALS**

22 A. The Commissioner is authorized to administer and enforce the provisions of the Corporate
23 Securities Law of 1968 (Corp. Code, § 25000-25707) (CSL) and the regulations promulgated
24 thereunder at title 10 of the California Code of Regulations, which include the licensure, examination,
25 and regulation of investment advisers.

26 B. Kevin H. Paffrath (Paffrath) (CRD NO. 7493981) is a California resident.

27 C. From at least May 30, 2021 through June 26, 2021, Paffrath provided investment advisory
28 services, in the form of securities analysis and portfolio analysis, to at least 10 clients. During this

1 time, Paffrath did not hold a valid investment adviser license, pursuant to Corporations Code section
2 25230.

3 D. On or about September 15, 2022, Paffrath filed an application with the Commissioner for a
4 license to engage in the business of an investment adviser in California.

5 E. Paffrath admits to the jurisdiction of the Department of Financial Protection and Innovation
6 (Department) and it is the intention of the Parties to resolve this matter without the necessity of a
7 hearing and/or other litigation.

8 F. Paffrath, by entering into this Consent Order, neither admits nor denies that he has violated
9 any California law or regulation.

10 G. The Commissioner finds this action is appropriate, in the public interest, is necessary for the
11 protection of investors, and is consistent with the purposes fairly intended by the policies and
12 procedures of the CSL.

13 H. NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions set
14 forth herein, the Parties agree as follows:

15 **II.**

16 **TERMS AND CONDITIONS**

17 1. Purpose. This Consent Order resolves the issues before the Commissioner, set forth
18 above, in a manner that avoids the expense of a hearing and other possible court proceedings, protects
19 consumers, is in the public interest, and is consistent with the purposes and provisions of the CSL.

20 2. Desist and Refrain Order for Violations of Section 25230. Pursuant to Corporations
21 Code section 25532, Paffrath is hereby ordered to desist and refrain from any unlicensed investment
22 adviser activities in violation of Corporations Code section 25230.

23 3. Administrative Penalty. Paffrath agrees to pay to the Commissioner an administrative
24 penalty in the amount of \$5,000.00 (Penalty) no later than 30 days after the effective date of this
25 Consent Order as defined in Paragraph 21 (Effective Date). The Penalty shall be made payable in the
26 form of a cashier's check or Automated Clearing House deposit transmitted to the attention of
27 Accounting – Litigation, at the Department of Financial Protection and Innovation, 2101 Arena
28 Boulevard, Sacramento, California 95834. Notice of the payment shall be concurrently sent to Ryan

1 Cassidy, Counsel, Enforcement Division, by email at: ryan.cassidy@dfpi.ca.gov. In the event the
2 payment due date falls on a weekend or holiday, the payment shall be due the next business day.

3 4. Waiver of Hearing Rights. Paffrath acknowledges that the Commissioner is ready,
4 willing, and able to proceed with the filing of an administrative enforcement action on the charges
5 contained in this Consent Order. Paffrath hereby waives the right to any hearings, and to any
6 reconsideration, appeal, or other right to review which may be afforded pursuant to the CSL, the
7 California Administrative Procedure Act, the California Code of Civil Procedure, or any other
8 provision of law. Paffrath further expressly waives any requirement for the filing of an action
9 pursuant to Government Code section 11415.60 (b). By waiving such rights, Paffrath effectively
10 consents to this Consent Order and all the terms becoming final.

11 5. Failure to Comply with Consent Order. Paffrath agrees that if they fail to meet any
12 requirement of this Consent Order, the Commissioner may, in addition to all other available remedies he
13 may invoke under the CSL, immediately bar Paffrath. Paffrath hereby waives any notice and hearing
14 rights to contest the immediate revocation which may be afforded under the CSL, the California
15 Administrative Procedure Act, the California Code of Civil Procedure, or any other provision of law in
16 connection therewith.

17 6. Information Willfully Withheld or Misrepresented. This Consent Order may be
18 revoked, and the Commissioner may pursue any and all remedies available under law against Paffrath
19 if the Commissioner discovers that Paffrath knowingly or willfully withheld or misrepresented
20 information used for and relied upon in this Consent Order.

21 7. Future Actions by Commissioner. If Paffrath fails to comply with any terms of the
22 Consent Order, the Commissioner may institute proceedings for any and all violations otherwise
23 resolved under this Consent Order. The Commissioner reserves the right to bring any future actions
24 against Paffrath, for any and all unknown violations of the CSL or any other law under the
25 Commissioner's jurisdiction.

26 8. Assisting Other Agencies. Nothing in this Consent Order limits the Commissioner's
27 ability to assist any other government agency (whether city, county, state, or federal) with any

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1 administrative, civil or criminal action brought by that agency against Paffrath or any other person
2 based upon any of the activities alleged in this matter or otherwise.

3 9. Headings. The headings to the paragraphs of this Consent Order are inserted for
4 convenience only and will not be deemed a part hereof or affect the construction or interpretation of
5 the provisions hereof.

6 10. Binding. This Consent Order is binding on all heirs, assigns, and/or successors in
7 interest.

8 11. Reliance. Each of the Parties represents, warrants, and agrees that in executing this
9 Consent Order it has relied solely on the statements set forth herein and the advice of its own counsel.
10 Each of the Parties further represents, warrants, and agrees that in executing this Consent Order it has
11 placed no reliance on any statement, representation, or promise of any other party, or any other
12 person or entity not expressly set forth herein, or upon the failure of any party or any other person or
13 entity to make any statement, representation or disclosure of anything whatsoever. The Parties have
14 included this clause: (1) to preclude any claim that any party was in any way fraudulently induced to
15 execute this Consent Order; and (2) to preclude the introduction of parol evidence to vary, interpret,
16 supplement, or contradict the terms of this Consent Order.

17 12. Waiver, Amendments, and Modifications. No waiver, amendment, or modification of
18 this Consent Order will be valid or binding unless it is in writing and signed by each of the Parties.
19 The waiver of any provision of this Consent Order will not be deemed a waiver of any other
20 provision. No waiver by either party of any breach of, or of compliance with, any condition or
21 provision of this Consent Order by the other party will be considered a waiver of any other condition
22 or provision or of the same condition or provision at another time.

23 13. Full Integration. This Consent Order is the final written expression and the complete
24 and exclusive statement of all the agreements, conditions, promises, representations, and covenant
25 between the Parties with respect to the subject matter hereof, and supersedes all prior or
26 contemporaneous agreements, negotiations, representations, understandings, and discussions between
27 and among the Parties, their respective representatives, and any other person or entity with respect to
28 the subject matter covered hereby.

1 14. Governing Law. This Consent Order will be governed by and construed in accordance
2 with California law. Each of the Parties hereto consents to the jurisdiction of such court, and hereby
3 irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the
4 maintenance of such action or proceeding in such court.

5 15. Counterparts. This Consent Order may be executed in one or more separate
6 counterparts, each of which when so executed, shall be deemed an original. Such counterparts shall
7 together constitute a single document.

8 16. Effect Upon Future Proceedings. If Paffrath apply for any license, certificate,
9 registration, permit, or qualification under the Commissioner's current or future jurisdiction, or is the
10 subject of any future action by the Commissioner to enforce this Consent Order, then the subject
11 matter hereof shall be admitted for the purpose of such application(s) or enforcement proceeding(s).

12 17. Voluntary Agreement. Paffrath enters into this Consent Order voluntarily and without
13 coercion and acknowledges that no promises, threats or assurances have been made by the
14 Commissioner or any officer, or agent thereof, about this Consent Order. The Parties each represent
15 and acknowledge that he, she or it is executing this Consent Order completely voluntarily and
16 without any duress or undue influence of any kind from any source.

17 18. Notice. Any notice required under this Consent Order shall be provided to each party
18 at the following addresses:

19 To Respondent: Kenneth E. Traynham
20 8164 Platinum Street
21 Ventura, California 93004
22 ken@meetkevin.com

 and
 Kevin H. Paffrath
23 8164 Platinum Street
24 Ventura, California 93004
 kevin@meetkevin.com

25 To the Commissioner: Ryan M. Cassidy, Counsel
26 Department of Financial Protection and Innovation
27 2101 Arena Boulevard
28 Sacramento, California 95834
 Ryan.Cassidy@dfpi.ca.gov

1 19. Signatures. A fax or electronic mail signature shall be deemed the same as an original
2 signature.

3 20. Public Record. Paffrath hereby acknowledges that this Consent Order is and will be a
4 matter of public record.

5 21. Effective Date. This Consent Order shall become final and effective when signed by
6 all Parties and delivered by the Commissioner’s agent via e-mail to Paffrath’s agent, Kenneth E.
7 Traynham, at ken@meetkevin.com

8 22. Authority to Sign. Each signatory hereto covenants that he/she possesses all necessary
9 capacity and authority to sign and enter into this Consent Order and undertake the obligations set
10 forth herein.

11 Dated: September 13, 2023
12 Sacramento, California

CLOTHILDE V. HEWLETT
Commissioner
Department of Financial Protection and Innovation



13
14 By _____

MARY ANN SMITH
Deputy Commissioner
Enforcement Division

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16
17 Dated: September 7, 2023

18 By _____

KEVIN H. PAFFRATH, as an Individual