1	CLOTHILDE V. HEWLETT					
2	Commissioner					
	MARY ANN SMITH Deputy Commissioner					
3	Deputy Commissioner DANIEL P. O'DONNELL					
4	Assistant Chief Counsel					
5	RYAN M. CASSIDY (State Bar No. 340274) Counsel					
6	Department of Financial Protection and Innovation					
7	2101 Arena Boulevard					
7	Sacramento, CA 95834 Telephone: (916) 764, 8358					
8	Telephone: (916) 764-8358 Attorneys for Complainant					
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10	BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION OF THE STATE OF CALIFORNIA					
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12	In the Matter of:	NOTICE OF INTENT TO ISSUE ORDER				
12	THE COMMISSIONER OF FINANCIAL	LEVYING ADMINISTRATIVE				
13	PROTECTION AND INNOVATION,	PENALTIES AND STATEMENT IN				
14	Complainant,	SUPPORT PURSUANT TO				
1.5	v.	CORPORATIONS CODE 25252				
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16	BSD VENTURE CAPITAL, LLC, and BRUCE DOOLE,					
17	BOOLE,					
10	Respondents.					
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19	The Commissioner of Financial Protection and Innovation (Commissioner) is informed and					
20	believes, and based upon such information and believe, alleges and charges as follows:					
21	I.					
22	STATEMENT OF FACTS					
23	1. At all relevant times herein, BSD Venture Capital I, LP (The Fund), is and was a					
24	Delaware limited partnership located at 2221 Camino Del Rio South, Suite 304, San Diego,					
25	California 92108, operating the email address, Bruce@permanentvalue.com, and telephone number,					
26	619-682-3834, through which it conducted business. Between September 2008 and June 2021, The					
27	Fund only invested in one security, Force Medical, Inc. (Force Medical), a California corporation.					
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- 2. At all relevant times, BSD Venture Capital, LLC (BSDLLC), is and was a Delaware limited liability company located at 2221 Camino Del Rio South, Suite 304, San Diego, California 92108, operating as the General Partner of the Fund.
- 3. At all relevant times, Bruce Doole (Doole) is and was the sole owner and employee of BSDLLC.
 - 4. The Fund, BSDLLC, and Doole are collectively referred to as Respondents.
- 5. The Commissioner brings this action pursuant to the provisions of the Corporate Securities Law of 1968 (CSL) (Cal. Corp. Code §§ 25000-25707) (Corp.), and the accompanying regulations in Title 10 of the California Code of Regulations §§ 260.000-260.617 (CCR), which covers the offer and sale of securities and the licensure, examination, and regulation of investment advisers.

Violations of Corporations Code Section 25110 (Unqualified, Non-Exempt Offer and Sale of Securities)

- 6. Beginning in or about September 2008, Respondents offered and sold securities, in the form of partnership interests in The Fund.
- 7. The Fund's limited partnership agreement (LPA) indicated that The Fund would use the proceeds from the sales of these securities to acquire, hold, and distribute securities.
- 8. Respondents sold securities to at least 4 investors, residing in California and elsewhere, in at least 4 separate transactions. raising at least \$500,000.00.
- 9. Corporations Code section 25110 prohibits the offer or sale of unqualified, non-exempt securities in issuer transactions in the State of California. The securities offered and sold by Respondents are subject to qualification under the CSL. These securities were offered or sold in this state in issuer transactions. The Department has not issued a permit or other form of qualification authorizing any person to offer or sell these securities in this state. The offer or sale of these securities is not exempt.

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Violations of Corporations Code Section 25401 (Misrepresentations and Omissions of Material Facts)

- 10. Respondents sent solicitation materials to prospective investors, including a LPA. Also, Respondents and their agents solicited investors and prospective investors through telephone calls and email correspondence.
- 11. In connection with the offers and sales of securities, Respondents made, or caused to be made, misrepresentations of material fact to investors and potential investors, including that:
 - a. The Fund would be audited on an annual basis. In fact, The Fund was never audited:
 - b. The Fund would invest in various emerging growth companies. In fact, The Fund only invested in one security, Force Medical.
- 12. In addition, in connection with the offers and sales of securities, Respondents failed to disclose material facts to investors and potential investors, including:
 - a. The Fund's only investment, Force Medical, was principally owned by Doole's neighbor.
 - Neither Doole nor The Fund conducted any independent due diligence of Force Medical, besides what was provided by Force Medical and its representatives.
- 13. Corporations Code section 25401 prohibits the offer or sale of securities in this state by means of written or oral communications that include untrue statements of material fact or omit materials facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading. The omissions and misrepresentations of Respondents are material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

Violations of Corporations Code Section 25230

(Conducting Business as an Investment Adviser without a Certificate)

14. Beginning in or about January 2009, BSDLLC provided investment advisory services to a pooled investment vehicle, BSD Venture Capital I, LP (The Fund), and recommended to members of the public, to invest money in The Fund. At all relevant times, BSDLLC was the

investment manager of The Fund and had discretionary authority for how The Fund invested its money, including investing in private companies.

- 15. From January 2009 through at least December 2015, BSDLLC provided investment advisory services, to at least one California client, and collected at least \$45,860.00 in management fees, and \$51,379.00 in personal use of investor funds for rent expenses for Doole's other business activity, Permanent Value, Inc.
- 16. At all relevant times, neither the Department nor the United States Securities and Exchange Commission have issued an investment adviser certificate to any of the respondents.
- 17. Corporations Code section 25230 prohibits an investment adviser from conducting business as an investment adviser in this state without first securing from the Commissioner a certificate, then in effect, authorizing them to do so or unless they are exempt.

Violations of CCR Section 260.237 and Corporations Code Section 25235 (Fraudulent, Deceptive, or Manipulative Act, Practice or Course of Business By Failing to Follow Safekeeping Requirements while having Custody)

- 18. At all relevant times, BSDLLC had custody of client funds and securities by having signatory authority on The Fund's bank accounts, and authority to make withdrawals or transfers to outside accounts. However, between January 2009, through June 9, 2021, BSDLLC failed to follow any of the following safekeeping requirements, pursuant to CCR section 260.237 (a)(3)-(6).
- 19. CCR section 260.237 prohibits an investment adviser licensed or required to be licensed from having custody of client funds and securities, unless specific safekeeping requirements are followed. Furthermore, Corporations Code section 25235 prohibits an investment adviser from engaging in fraudulent, deceptive, or manipulative acts, practices or courses of business.

II.

NOTICE OF INTENT TO ISSUE ORDER LEVYING ADMINISTRATIVE PENALTIES

20. The Commissioner re-alleges and incorporates by reference paragraphs 1-19 of this Statement in Support, also contained in the Commissioner's Desist and Refrain Order, as though fully set forth herein.

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- 21. Corporations Code section 25252 authorizes the Commissioner to issue an order levying administrative penalties against any person for willful violations of any provisions of the CSL and any rules promulgated thereunder.
- 22. Based on the foregoing findings, the Commissioner finds that the Respondents offered and sold unqualified, non-exempt securities in an amount of at least \$500,000.00, and made omissions of fact, to at least 4 investors, in violation of Corporations Code sections 25110 and 25401.
- 23. Further, the Commissioner finds that Respondents has conducted business as an investment adviser in this state without first securing from the Commissioner a certificate, authorizing them to do so, in violation of Corporations Code section 25230.
- 24. Further, the Commissioner finds that Doole engaged in a fraudulent, deceptive, or manipulative act, practice or course of business, including holding custody of client funds and securities, without following specific safekeeping requirements, in violation of Corporations Code section 25235 (d) and CCR section 260.237.
- 25. Pursuant to Corporations Code section 25252(b), the Commissioner hereby provides notice of intent to levy administrative penalties against BSDLLC and Doole, for the statutory amount of not more than one thousand dollars (\$5,000) for the first violation, not more than ten thousand dollars (\$10,000.00) for the second violation, and not more than fifteen thousand dollars (\$15,000.00) for each subsequent violation, or according to proof, for BSDLLC and Doole's willful violations of the CSL.

WHEREFORE, good cause showing, and pursuant to Corporations Code section 25252(b), the Commissioner prays for an order levying administrative penalties, individually, jointly and severally, against BSDLLC and Doole, as follows:

- a. That pursuant to Corporations Code section 25252(a), the Commissioner levy administrative penalties of \$5,000.00 for the first violation of Corporations Code section 25110 and \$10,000.00 for the second violation of Corporations Code section 25110, and \$15,000.00 for each subsequent violation, as listed low, for a total amount of \$45,000.00 or according to proof:
 - i. First violation: \$5,000.00 for the first sale of a security;
 - ii. Second violation: \$10,000.00 for the second sale of a security; and

		securities.			
b.	That	pursuant to Corp	oration	s Code section 25252(b), the Commissioner levy	
administrative penalties of \$15,000.00 for each violation of Corporations Code section 25401, as					
listed below, for a total amount of \$240,000.00, or according to proof:					
	i.	\$15,000.00 for th	he misr	epresentation in paragraph 11a, made in four	
		transactions.			
	ii.	\$15,000.00 for th	he misr	epresentation in paragraph 11b, made in four	
	transactions.				
	iii.	\$15,000.00 for th	he omis	ssion in paragraph 12a, made in four transactions.	
	iv.	\$15,000.00 for th	he omis	ssion in paragraph 12b, made in four transactions.	
c.	That	t pursuant to Corporations Code section 25252(b), the Commissioner levy			
administrative penalties of \$15,000.00 for each violation of Corporations Code section 25230, as					
listed below, for a total amount of \$15,000.00 or according to proof:					
	i.	\$15,000.00 for	the firs	t violation of Corporations Code section 25230.	
d.	That	pursuant to Corp	oration	s Code section 25252(b), the Commissioner levy	
administrative penalties of \$15,000.00 for each violation of CCR section 260.237 and Corporations					
Code section 25235 (d), as listed below, for a total amount of \$195,000.00 or according to proof:					
i. \$15,000.00 for the violations in paragraph 18, for fiscal years 2009					
		through 2021.			
The total amount of administrative penalties for violations of Corporations Code sections 25110,					
25230, 25401, and 25235 (d), is \$495,000.00, or according to proof.					
DATED: April 5, 2024 Sacramento, California			CLOTHILDE V. HEWLETT Commissioner Department of Financial Protection and Innovation		
			Ву	RYAN M. CASSIDY Counsel Enforcement Division	

Additional violations: \$15,000.00 for the remaining two sales of

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