

1 CLOTHILDE V. HEWLETT  
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Deputy Commissioner  
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5  
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9  
10 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION  
OF THE STATE OF CALIFORNIA

11 In the Matter of:

12 THE COMMISSIONER OF FINANCIAL  
13 PROTECTION AND INNOVATION,

14 Complainant,

15 v.

16 DAMON DOE

17 Respondent.

ACCUSATION IN SUPPORT OF ORDER  
SUSPENDING DAMON DOE FOR A  
PERIOD OF 12 MONTHS, FROM ANY  
POSITION OF EMPLOYMENT,  
MANAGEMENT OR CONTROL OF ANY  
INVESTMENT ADVISER, BROKER-  
DEALER OR COMMODITY ADVISER,  
PURSUANT TO CORPORATIONS CODE  
SECTION 25232.1

18  
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 **JURISDICTION AND VENUE**

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

27 2. The Commissioner brings this action pursuant to the provisions of Corporations Code  
28 sections 25232 and 25232.1, and the rules and regulations promulgated thereunder.



1 in this state without first securing from the Commissioner a certificate, authorizing them to do so; and  
2 (2) Corporations Code 25235 and CCR 260.237, by engaging in a fraudulent, deceptive, or  
3 manipulative act, practice or course of business, including holding custody of client funds and  
4 securities, without following specific safekeeping requirements.

5 **A. Corporations Code section 25230**

6 8. Beginning in or about January 2021, Kiso provided investment advisory services to a  
7 pooled investment vehicle, Kiso Capital, LP (The Fund), and recommended to members of the  
8 public, to invest money in The Fund. At all relevant times, Kiso was the investment manager of The  
9 Fund and had discretionary authority on how The Fund invested its money, including investing in  
10 debt instruments, warrants, and options.

11 9. From February 2021 - June 2023, Kiso provided investment advisory services to the  
12 Fund and collected at least \$172,043.11 in management fees and \$99,203.69 in performance-based  
13 fees.

14 10. From February 2021 - June 2023, Kiso charged performance-based fees to at least 41  
15 investors of the Fund, totaling at least \$99,203.69. Of the 41 investors of the Fund, of which were  
16 charged performance fees, 40 investors were not “Qualified Client[s]”<sup>1</sup>.

17 11. At all relevant times, neither the Department nor the United States Securities and  
18 Exchange Commission have issued an investment adviser certificate to any of the respondents.

19 12. Corporations Code section 25230 prohibits an investment adviser from conducting  
20 business as an investment adviser in this state without first securing from the Commissioner a  
21 certificate, then in effect, authorizing them to do so, or unless they are exempt.

22 13. Based on the foregoing findings, the Commissioner is of the opinion that the Kiso  
23 have conducted business as an investment adviser in this state without first securing from the  
24 Commissioner a certificate, authorizing them to do so, in violation of Corporations Code section  
25 25230.

26  
27  
28 <sup>1</sup> Rule 205-3(d) of the Investment Advisers Act of 1940

**B. CCR section 260.237 and Corporations Code section 25235**

14. At all relevant times, Kiso 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 February 10, 2021, through September 30, 2023, Kiso failed to follow relevant safekeeping requirements, as set under CCR section 260.237 (a)(3)-(6).

15. 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.

16. Based on the foregoing findings, the Commissioner is of the opinion that the Kiso had custody of client funds and securities, but failed to follow the safekeeping requirements, between February 10, 2021, through September 30, 2023, in violation of CCR section 260.237. Furthermore, Kiso engaged in fraudulent, deceptive and manipulative practices as an investment adviser, within the meaning of Corporations Code section 25235.

**IV.**

**CONCLUSION**

Based upon the foregoing, the Commissioner finds that grounds exist, and that it is in the public interest, to enter an order suspending Damon Doe, for a period of 12 months, from any position of employment, management or control of any investment adviser, broker-dealer or commodity adviser pursuant to Corporations Code section 25232.1. The Commissioner hereby notifies Damon Doe of her intention to make such orders final.

DATED: April 12, 2024  
Sacramento, California

CLOTHILDE V. HEWLETT  
Commissioner of Financial Protection and Innovation

By: \_\_\_\_\_  
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Counsel  
Enforcement Division