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1	CLOTHILDE V. HEWLETT	
2	Commissioner	
	MARY ANN SMITH Deputy Commissioner	
3	DANIEL P. O'DONNELL	
4	Assistant Chief Counsel	
5	RYAN M. CASSIDY (State Bar No. 340274) Counsel	
6	Department of Financial Protection and Innovation	
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	Attorneys for Complainant	
9	BEFORE THE DEPARTMENT OF FINAL	NCIAL PROTECTION
10	OF THE STATE OF CALIFORNIA	
11	In the Matter of:	
12	in the Watter of.	ACCUSATION IN SI
13	THE COMMISSIONER OF FINANCIAL	SUSPENDING DAM
13	PROTECTION AND INNOVATION,	PERIOD OF 12 MON
14	Complainant,	POSITION OF EMPI

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

AND INNOVATION

Respondent.

v.

DAMON DOE

The Commissioner of Financial Protection and Innovation (Commissioner) is informed and believes, and based upon such information and believe, alleges and charges as follows:

I.

JURISDICTION AND VENUE

- 1. The Commissioner is authorized to administer and enforce the provisions of the Corporate Securities Law of 1968 (Cal. Corp. Code §§ 25000-25707) (CSL) and the regulations promulgated thereunder at title 10 of the California Code of Regulations (CCR), which includes the licensure, examination, and regulation of investment advisers.
- 2. The Commissioner brings this action pursuant to the provisions of Corporations Code sections 25232 and 25232.1, and the rules and regulations promulgated thereunder.

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3. This action is brought to issue an order suspending Damon Doe (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. II. **STATEMENT OF FACTS** 1. At all relevant times, Kiso Capital, LP (The Fund), is and was a Delaware limited partnership located at 333 Almaden Blvd, Suite 333, San Jose, California 95113 and 99 Almaden Blvd Ste 975, San Jose, California 95113. 2. At all relevant times herein, Kiso Capital Management I, LLC (KCM), is and was a California limited liability company located at 333 Almaden Blvd, Suite 333, San Jose, California 95113 operating as the General Partner of Kiso Capital, LP, a Delaware limited partnership. 3. At all relevant times, Damon Doe (Doe) is and was the managing member of KCM. 4. KCM and Doe are collectively referred to as Kiso. III. THE COMMISSIONER HAS GROUNDS TO SUSPEND DAMON DOE 5. Corporations Code section 25232.1 provides, in pertinent part:

The commissioner may, after appropriate notice and opportunity for hearing suspend for a period not exceeding 12 months...from any position of employment, management or control of any investment adviser, broker-dealer or commodity adviser, any officer, director, partner, employee of, or person performing similar functions for, an investment adviser, or any other person, if he or she finds that the ... suspension... is in the public interest and that the person has committed any act or omission enumerated in subdivision...(e)...of Section 25232.... [Emphasis added.]

- 6. Corporations Code section 25232, in relevant part, provides:
 - (e) Has willfully violated any provision of... Title 4 (commencing with Section 25000)... [Emphasis added.]
- 7. In accordance with Corporations Code section 25232.1, the Commissioner may suspend any officer or employee of an investment adviser, based on willful violations of sections of the CSL or rules adopted thereunder. In this case, Kiso willfully violated multiple CSL sections and regulations including: (1) Corporations Code 25230, by conducting business as an investment adviser

in this state without first securing from the Commissioner a certificate, authorizing them to do so; and (2) Corporations Code 25235 and CCR 260.237, by engaging 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.

A. Corporations Code section 25230

- 8. Beginning in or about January 2021, Kiso provided investment advisory services to a pooled investment vehicle, Kiso Capital, LP (The Fund), and recommended to members of the public, to invest money in The Fund. At all relevant times, Kiso was the investment manager of The Fund and had discretionary authority on how The Fund invested its money, including investing in debt instruments, warrants, and options.
- 9. From February 2021 June 2023, Kiso provided investment advisory services to the Fund and collected at least \$172,043.11 in management fees and \$99,203.69 in performance-based fees.
- 10. From February 2021 June 2023, Kiso charged performance-based fees to at least 41 investors of the Fund, totaling at least \$99,203.69. Of the 41 investors of the Fund, of which were charged performance fees, 40 investors were not "Qualified Client[s]".
- 11. 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.
- 12. 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.
- 13. Based on the foregoing findings, the Commissioner is of the opinion that the Kiso have 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.

¹ 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 CLOTHILDE V. HEWLETT
Sacramento, California Commissioner of Financial Protection and Innovation

By:

Ryan M. Cassidy

Counsel

Enforcement Division