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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 KISO CAPITAL MANAGEMENT I, LLC, and
17 DAMON DOE

18 Respondents.

DESIST AND REFRAIN ORDER
PURSUANT TO CALIFORNIA
CORPORATIONS CODE SECTION 25532;

AND

CLAIM FOR ANCILLARY RELIEF
PURSUANT TO CALIFORNIA
CORPORATIONS CODE SECTION 25532;

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 **INTRODUCTION**

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.

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2. 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.

3. 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.

4. At all relevant times, Damon Doe (Doe) is and was the managing member of KCM.

5. Kiso are collectively referred to as Kiso.

II.

FACTUAL BACKGROUND

6. 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.

7. 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.

8. 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.

9. 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]”¹.

10. 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

¹ Rule 205-3(d) of the Investment Advisers Act of 1940

1 outside accounts. However, between February 10, 2021, through September 30, 2023, Kiso failed to
2 follow relevant safekeeping requirements, as set under CCR section 260.237 (a)(3)-(6).

3 **III.**

4 **DESIST AND REFRAIN ORDER**

5 **A. Corporations Code section 25230**

6 11. Based on the foregoing findings, the Commissioner is of the opinion that Kiso has
7 conducted business as an investment adviser in this state without first securing from the
8 Commissioner a certificate, authorizing them to do so, in violation of Corporations Code section
9 25230.

10 12. Pursuant to Corporations Code section 25532, Kiso Capital Management I, LLC and
11 Damon Doe are hereby ordered to desist and refrain from acting as an investment adviser in the State
12 of California unless and until he has first applied for and secured from the Commissioner a
13 certificate, authorizing them to act as an investment adviser, or unless exempt.

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

15 13. Further, the Commissioner is of the opinion that Kiso had custody of client funds and
16 securities, but failed to follow the safekeeping requirements, between February 10, 2021, through
17 September 30, 2023, in violation of Corporations Code section 25235 and CCR section 260.237.

18 14. Pursuant to Corporations Code section 25532, Kiso Capital Management I, LLC and
19 Damon Doe are hereby ordered to desist and refrain from having custody of client funds and
20 securities, unless and until he has first followed the safekeeping requirements, in violation of
21 Corporations Code section 25235 (d) and CCR section 260.237.

22 **IV.**

23 **CLAIM FOR ANCILLARY RELIEF IN THE FORM OF DISGORGEMENT**

24 15. Complainant re-alleges and reincorporates by reference, as set forth fully above in
25 paragraphs 1 to 10.

26 16. Corporations Code section 25532 authorizes the Commissioner to seek ancillary relief
27 on behalf of any person injured by violations of any provision of the Corporations Code and any rules
28 promulgated thereunder.

1 17. Based on the foregoing findings, the Commissioner finds that Kiso collected from the
2 California pooled investment vehicle, while engaged in unregistered investment advisory activities, in
3 an amount of \$271,246.80, in violation of Corporations Code sections 25230.

4 WHEREFORE, IT IS PRAYED, for an order of ancillary relief pursuant to Corporation Code
5 section 25532, individually, jointly and severally against Kiso as follows:

6 a. Full Disgorgement, consisting of the total investment advisory fees collected by
7 Kiso, in the amount of \$172,043.11 in management fees and \$99,203.69 in performance-based fees,
8 totaling \$271,246.80, or according to proof.

9 V.

10 **CONCLUSION**

11 Based upon the foregoing, the Commissioner finds that grounds exist, and that it is in the
12 public interest, to issue the following orders: (1) desist and refrain orders against Kiso Capital, LP,
13 Kiso Capital Management I, LLC, and Damon Doe; and (2) claim for ancillary relief against Kiso
14 Capital Management I, LLC and Damon Doe, in the form of disgorgement, totaling \$271,246.80. The
15 Commissioner hereby notifies Kiso Capital, LP, Kiso Capital Management I, LLC, and Damon Doe
16 of her intention to make such orders final.

17 These Orders are necessary, in the public interest, for the protection of investors, and
18 consistent with the purposes, policies, and provisions of the CSL.

19 DATED: April 12, 2024
20 Sacramento, California

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation



21 By: _____
22 MARY ANN SMITH
23 Deputy Commissioner
24 Enforcement Division
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