

1 MARY ANN SMITH
Deputy Commissioner
2 DOUGLAS M. GOODING
Assistant Chief Counsel
3 TIMOTHY L. Le BAS (SBN 135565)
Senior Corporations Counsel
4 DEPARTMENT OF BUSINESS OVERSIGHT
5 1515 K Street, Suite 200
6 Sacramento, California 95814
7 (916) 322-2050 telephone
(916) 445-6985 facsimile

8 Attorneys for Complainant

9
10 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
11 OF THE STATE OF CALIFORNIA

12	In the Matter of)	FILE NO. 139923
)	
13	THE COMMISSIONER OF BUSINESS)	
14	OVERSIGHT,)	1. DESIST AND REFRAIN ORDER; and
)	
15	Complainant,)	2. ORDER LEVYING ADMINISTRATIVE
16	v.)	PENALTIES
)	
17	Highland Capital Group, Inc.,)	
18)	
19	Respondent.)	

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21 The Commissioner of Business Oversight (“Commissioner”) of the Department of
22 Business Oversight (“Department”) alleges and charges as follows:

23 I. JURISDICTION AND VENUE

- 24 1. The Commissioner brings this action pursuant to the provisions of sections 25230(a),
25 25252(b), and 25532(b) of the Corporate Securities Law of 1968 (“CSL”), and the regulations
26 promulgated thereunder.
- 27 2. The Commissioner is authorized to administer and enforce the provisions of the CSL,
28 Corporations Code section 25000 et seq. and the regulations thereunder at Title 10, California

1 Code of Regulations (“CCR”).

2 II. STATEMENT OF FACTS

3 3. This action is brought to order Respondent, Highland Capital Group, Inc. (“Highland”)
4 to:

5 (a) Desist and refrain from unlicensed investment adviser activities pursuant to CSL
6 section 25532(b), and

7 (b) Pay penalties to the Department, for conducting unlicensed investment adviser
8 activities pursuant to section 25532(b), of ten thousand dollars (\$10,000) for all violations of
9 section 25230(a), combined.

10 4. Highland is a California corporation, incorporated on August 8, 2005, with its principal
11 place of business at 1875 Century Park East, Suite 700, Los Angeles, California 90067.

12 5. From June 25, 2007 to February 13, 2013, Highland conducted business as a licensed
13 investment adviser. However, Highland’s license was revoked on February 13, 2013 because it
14 failed to pay its renewal fee.

15 6. On February 27, 2013 Highland filed an application for an investment adviser certificate
16 (license) with the Department. The application revealed that Highland continued to engage in
17 investment adviser activities and charge fees for its services, even though Highland offered an
18 assurance that no new fees would be collected.

19 7. When the Department inquired about Highland’s investment adviser activities, Highland
20 fully cooperated. Highland provided information showing that it had collected fees in
21 connection with thirty-eight accounts.

22 8. The Department finds, based upon the information provided by Highland, that Highland
23 was engaged in unlicensed investment adviser activity through the date hereof, in violation of
24 CSL section 25230(a).

25 9. Highland has not held a valid investment adviser certificate since February 13, 2013.

26 III. ORDER TO DESIST AND REFRAIN FROM UNLICENSED ACTIVITY

27 10. Corporations Code section 25230(a) provides, in pertinent part:

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1 It is unlawful for any investment adviser to conduct business as an
2 investment adviser in this state unless the investment adviser has
3 first applied for and secured from the commissioner a certificate,
then in effect, authorizing the investment adviser to do so....

4 11. Corporations Code section 25532(b) provides, in pertinent part:

5 If, in the opinion of the commissioner, a person has been or is acting as an broker-
6 dealer or investment adviser, or has been or is engaging in broker-dealer or
7 investment adviser activities, in violation of Section 25210, 25230, or 25230.1,
8 the commissioner may order that person to desist and refrain from the activity
9 until the person has been appropriately licensed or the required filing has been
made under this law.

10 12. The Department finds that Highland has conducted business as an investment adviser in this
11 state without first securing from the Commissioner a certificate, then in effect, in violation of
12 Corporations Code section 25230(a).

13 13. Accordingly, Highland is hereby ordered to desist and refrain from acting as an investment
14 adviser in the State of California unless and until it has first applied for and secured from the
15 Commissioner a certificate authorizing it to act as an investment adviser, or unless exempt.

16 14. This Order is necessary, in the public interest, for the protection of investors, and consistent
17 with the purpose, policies, and provisions of the CSL.

18 IV. ORDER LEVYING ADMINISTRATIVE PENALTIES

19 15. Corporations Code section 25252(b) authorizes the Commissioner to issue an order levying
20 administrative penalties against any investment adviser for willful violations of any provisions of the
21 CSL, including section 25230(a).

22 16. Corporations Code section 25252(b) provides, in relevant part:

23 (b) Any broker-dealer or investment adviser that willfully violates any provision of this
24 division to which it is subject, or that willfully violates any rule or order adopted or issued
25 pursuant to this division and to which it is subject, is liable for administrative penalties of not
26 more than five thousand dollars (\$5,000) for the first violation, not more than ten thousand
dollars (\$10,000) for the second violation, and not more than fifteen thousand dollars
(\$15,000) for each subsequent violation.

27
28 17. The Department finds that Highland willfully violated the CSL by engaging in unlicensed

1 investment adviser activities, in violation of section 25230(a), by providing investment adviser
2 services to at least thirty-seven accounts in exchange for fees.

3 18. Pursuant to Corporations Code section 25252(b), the Commissioner hereby levies
4 administrative penalties against Respondent Highland in the amount of ten thousand dollars
5 (\$10,000), for repeated willful violations of section 25230(a) in providing investment advice and
6 collecting fees while unlicensed through the date hereof. This amount shall be paid to the
7 Department of Business Oversight within thirty (30) days of the date of this Order.

8 19. This Order is necessary, in the public interest, for the protection of investors, and consistent
9 with the purpose, policies and provisions of the CSL.

10 Dated: December 16, 2013

JAN LYNN OWEN
Commissioner of Business Oversight

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By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division

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