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8 Attorneys for Complainant

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

12 In the Matter of)
13 DAREL BAER INVESTMENT ADVISORY)
14 LLC,) CONSENT ORDER
15 Respondent.)

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17 Whereas, Darel Baer Investment Advisory LLC (“Baer”) is a limited liability company in
18 good standing, duly formed and existing pursuant to the laws of the State of California. Baer has its
19 principal place of business located at 1338 Hunn Road, #10, Yuba City, California 95993.

20 Whereas, Darel Baer is the Chief Executive Officer of Baer and, as such, is authorized to
21 enter into this Agreement on behalf of Baer.

22 Whereas, Baer has operated as an investment adviser in California since 2007. Baer was not
23 licensed with California to engage in the investment advisory business.

24 Whereas, Baer voluntarily came forward to become a registered investment adviser in
25 California and disclosed its unlicensed activity to the California Department of Business Oversight
26 (“Department”).

27 Whereas, the Department regulates investment advisers in California.

28 Whereas, for the purpose of settling the issues contained in this Order without further

1 litigation, Baer consents to the entry of this Order.

2 NOW, THEREFORE, the Commissioner of Business Oversight (“Commissioner”) hereby
3 enters this Order:

4 **I. JURISDICTION AND VENUE**

5 1. The Commissioner is authorized to administer and enforce the provisions of the
6 Corporate Securities Law of 1968, Corporations Code section 25000 *et seq.* ("CSL") and the
7 regulations thereunder at Title 10, California Code of Regulations.

8 2. The Commissioner brings this action pursuant to the provisions of CSL sections
9 25252(b) and 25532(b), and the rules and regulations promulgated thereunder.

10 **II. STATEMENT OF FACTS**

11 3. Baer admits to the jurisdiction of the Department in this matter.

12 4. On or about August 29, 2013, Baer filed an application for an investment adviser
13 certificate with the Department. The application revealed that Baer was likely engaging in
14 investment adviser activities without a license, in violation of CSL section 25230(a).

15 5. In response to the Department’s inquiry, Baer admitted to having 12 accounts with
16 assets under management of three million, two hundred eighty eight thousand, and four hundred
17 and seven dollars (\$3,298,407).

18 6. Baer collected two hundred seventy thousand nine hundred ninety two dollars
19 (\$270,992) in fees from its investment advisory clients while unlicensed.

20 7. After the Department’s inquiry into its unlicensed activity, Baer agreed not to
21 conduct further investment advisory activity for compensation until becoming licensed by the
22 Department.

23 **III. ORDER TO DESIST AND REFRAIN FROM UNLICENSED INVESTMENT**
24 **ADVISORY ACTIVITIES IN CALIFORNIA PURSUANT TO CORPORATIONS CODE**
25 **SECTION 25230(a) AND 25532 (b)**

26 8. CSL section 25230 (a) provides, in pertinent part:

27 It is unlawful for any investment adviser to conduct business as an
28 investment adviser in this state unless the investment adviser has first applied for

1 and secured from the commissioner a certificate, then in effect, authorizing the
2 investment adviser to do so

3 9. CSL section 25532(b) provides, in pertinent part:

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

10 10. Darel Baer and Baer were conducting business as an investment adviser in this state
11 without first securing from the commissioner a certificate, then in effect, in violation of CSL
12 section 25230(a).

13 Darel Baer and Baer are hereby ordered to desist and refrain from engaging in investment
14 adviser activities for compensation in the State of California unless and until they have first applied
15 for and secured from the commissioner a certificate, then in effect, authorizing them to do so, or
16 unless exempt.

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

19 **IV. ORDER LEVYING ADMINISTRATIVE PENALTIES**

20 11. Baer violated CSL section 25230(a) by engaging in unlicensed investment adviser
21 activity.

22 12. CSL section 25252(b) authorizes the Commissioner to issue an order levying
23 administrative penalties against any investment adviser for willful violations of any provisions of
24 the California Securities Laws and any rules promulgated thereunder.

25 13. CSL section 25252(b) provides, in relevant part:

26 (b) Any broker-dealer or investment adviser that willfully violates
27 any provision of this division to which it is subject, or that willfully
28 violates any rule or order adopted or issued pursuant to this division and to
which it is subject, is liable for administrative penalties of not 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.

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Pursuant to CSL section 25252(b), the Commissioner hereby levies administrative penalties against Respondent Baer in the amount of thirteen thousand, five hundred dollars (\$13,500), for the foregoing violations of CSL section 25230(a). This amount shall be paid to the commissioner within fourteen (14) days of the date of this Order. The check shall be made payable to “The Department of Business Oversight,” and shall be sent by Baer to the following address:

Joanne Ross
Senior Corporations Counsel
Department of Business Oversight
1515 K Street, Suite 200
Sacramento, CA 95814

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

Dated: March 18, 2014

JAN LYNN OWEN
Commissioner of Business Oversight

By: _____
MARY ANN SMITH
Deputy Commissioner

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**CONSENT BY DAREL BAER INVESTMENT ADVISORY LLC
TO ENTRY OF ORDER ISSUED BY THE DEPARTMENT OF BUSINESS OVERSIGHT**

Darel Baer Investment Advisory LLC (“Baer”) hereby acknowledges that it has been served with a copy of this Consent Order (“Order”), has read the foregoing Order, is aware of its right to a hearing and appeal in this matter, and has waived the same.

Baer admits the jurisdiction of the Department of Business Oversight (“Department”), and consents to entry of this Order by the Department as settlement of the issues contained in this Order.

Baer acknowledges that this Order will be a matter of public record.

Baer states that no promise of any kind or nature whatsoever was made to it to induce it to enter into this Order and that it has entered into this Order voluntarily.

Darel Baer represents that he is Chief Executive Officer of Baer and that, as such, is authorized to enter into this Order for and on behalf of Baer.

Dated this 14th day of March, 2014.

DAREL BAER INVESTMENT ADVISORY LLC

DAREL BAER
Chief Executive Officer