
IN THE MATTER OF:

CHATSWORTH SECURITIES LLC

CRD NO. 40804

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STIPULATION AND AGREEMENT

NO. ST-2020-37-S

WHEREAS, Chatsworth Securities LLC (“Chatsworth”) is a broker-dealer located at 95 East Putnam Avenue, Greenwich, Connecticut 06830. Chatsworth has been registered as a broker-dealer under Chapter 672a of the General Statutes of Connecticut, the Connecticut Uniform Securities Act (“Act”), from January 2, 1997 to the present, and has no reported disciplinary history;

WHEREAS, the Banking Commissioner (“Commissioner”) is charged with the administration of the Act and Sections 36b-31-2 to 36b-31-33, inclusive, of the Regulations of Connecticut State Agencies (“Regulations”) promulgated under the Act;

WHEREAS, Chatsworth does not conduct any retail broker-dealer business, but acts as a placement agent for private placements in corporate securities and limited partnerships.

WHEREAS, in January 2020, the staff of the Securities and Business Investments Division (“Division”) of the Department of Banking (“Department”) conducted an examination of Chatsworth (“Examination”);

WHEREAS, during the Examination, the Division ascertained that in July 2018, Chatsworth entered into a placement agent agreement with an investment fund, whereby Chatsworth would receive a percentage of the management fee on an investor’s capital in the investment fund. Chatsworth received fees in accordance with this agreement in 2019 and 2020;

WHEREAS, by virtue of Chatsworth receiving compensation in the form of a percentage of management fees, Chatsworth transacted business as an investment adviser in Connecticut without being registered under the Act;

WHEREAS, on September 11, 2020, the Division advised Chatsworth in writing that its compensation structure mentioned above required Chatsworth to be registered as an investment adviser under the Act. In response, on December 1, 2020 Chatsworth filed with the Commissioner an application for registration as an investment adviser pursuant to Sections 36b-7 and 36b-32 of the Act, which became effective on December 18, 2020;

WHEREAS, Section 36b-6(c)(1) of the Act provides, in pertinent part, that “[n]o person shall transact business in this state as an investment adviser unless registered as such by the commissioner as provided in sections 36b-2 to 36b-34, inclusive, or exempted pursuant to subsection (e) of this section.”;

WHEREAS, the Commissioner believes that a violation of Section 36b-6(c)(1) of the Act would support the imposition of administrative proceedings against Chatsworth pursuant to Section 36b-15 and Section 36b-27 of the Act;

WHEREAS, an administrative proceeding initiated under Section 36b-15 and Section 36b-27 of the Act would constitute a “contested case” within the meaning of Section 4-166(4) of the General Statutes of Connecticut;

WHEREAS, Section 4-177(c) of the General Statutes of Connecticut and Section 36a-1-55(a) of the Regulations provide that a contested case may be resolved by stipulation or agreed settlement, unless precluded by law;

WHEREAS, Chatsworth desires to settle the matters described herein and voluntarily enters into this Stipulation and Agreement;

WHEREAS, the Commissioner and Chatsworth acknowledge that this Stipulation and Agreement is in lieu of any court action or administrative proceeding against Chatsworth, its members, officers, employees, agents or representatives adjudicating any issue of fact or law on the matters described herein and is being made to settle only the matters described herein;

WHEREAS, without admitting or denying the allegations contained herein, Chatsworth expressly consents to the Commissioner’s jurisdiction under the Act and to the terms of this Stipulation and Agreement;

WHEREAS, Chatsworth, through its execution of this Stipulation and Agreement, voluntarily waives any rights Chatsworth may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Stipulation and Agreement;

AND WHEREAS, Chatsworth specifically assures the Commissioner that the violation alleged in this Stipulation and Agreement shall not occur in the future.

NOW THEREFORE, THE PARTIES HERETO DO MUTUALLY AGREE AS FOLLOWS:

1. No later than the date this Stipulation and Agreement is executed by the Commissioner, Chatsworth shall remit to the Department by cashier’s check, certified check or money order made payable to “Treasurer, State of Connecticut” the sum of four thousand six hundred and eighty dollars (\$4,680) of which four thousand dollars (\$4,000) shall constitute an administrative fine, and six hundred and eighty dollars (\$680) of which shall represent reimbursement for past due investment adviser and investment adviser agent registration fees;
2. Chatsworth, its members, officers, representatives, agents, employees, affiliates, and successors in interest shall refrain from engaging, directly or indirectly, in conduct constituting or which would constitute a violation of the Act or any regulation or order under the Act;
3. Execution of this Stipulation and Agreement by the Commissioner is without prejudice to the right of the Commissioner to take enforcement action against Chatsworth or its successors in interest based upon a violation of this Stipulation and Agreement or the basis for its entry if the Commissioner determines that compliance is not being observed with the terms hereof; and
4. This Stipulation and Agreement shall become binding when executed by Chatsworth and the Commissioner.

IN WITNESS WHEREOF, the undersigned have executed this Stipulation and Agreement on the dates indicated.

Dated at Hartford, Connecticut,
this 27th day of January 2021.

_____/s/_____
Jorge L. Perez
Banking Commissioner

I, Ralph R. DiFiore, state on behalf of Chatsworth Securities LLC, that I have read the foregoing Stipulation and Agreement; that I know and fully understand its contents; that I am authorized to execute this Stipulation and Agreement on behalf of Chatsworth Securities LLC; and that Chatsworth Securities LLC agrees freely and without threat or coercion of any kind to comply with the terms and conditions stated herein.

Chatsworth Securities LLC

By:

_____/s/_____
Ralph R. DiFiore
Senior Managing Director and Chief Compliance Officer

Date: 1-12-21