

\*\*\*\*\*  
\*  
**IN THE MATTER OF:** \*  
\*  
**STONE BEACH INVESTMENT** \*  
**MANAGEMENT, LLC** \*  
\*  
**(IARD Number 163163)** \*  
\*  
\*\*\*\*\*

**STIPULATION AND**  
**AGREEMENT**  
  
**No. ST-21-202042-S**

**WHEREAS**, the Banking Commissioner (the “Commissioner”) is responsible for administering Chapter 672a of the Connecticut General Statutes, the Connecticut Uniform Securities Act (the “Act”) and Sections 36b-31-2 *et seq.* of the Regulations of Connecticut State Agencies (the “Regulations”) promulgated under the Act;

**WHEREAS**, Stone Beach Investment Management, LLC (“Stone Beach”) is an investment adviser formed under Delaware law. Stone Beach maintains its principal office at 51 Riverside Avenue, Westport, Connecticut 06880. According to its Form ADV filings, the firm’s business focuses on managing a private equity fund and acting as subadviser to an investment company registered under the federal Investment Company Act of 1940;

**WHEREAS**, as subadviser to a federally registered investment company, Stone Beach was required to register as an investment adviser with the Securities and Exchange Commission (the “SEC”). On June 5, 2014, Stone Beach became registered as an investment adviser with the SEC under the Investment Advisers Act of 1940;

**WHEREAS**, Section 36b-6(c)(1) of the Act provides, in part, that: “No 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.” Section 36b-6(e) provides an exemption from state registration for “[a]ny investment adviser that (1) is registered or required to be registered under Section 203 of the Investment Advisers Act of 1940 . . . Any investment adviser claiming an exemption pursuant to subdivision (1) of this subsection . . . shall first file with the commissioner a notice of exemption together with a consent to service of process as required by subsection (g) of section 36b-33 and shall pay to the commissioner or to any person designated by the commissioner in writing to collect such fee on behalf of the commissioner a nonrefundable fee . . . Such notice of exemption shall be valid until December thirty-first of the calendar year in which it was first filed and may be renewed annually thereafter upon submission of such information as the commissioner may require together with a nonrefundable fee . . . .” Public Act 17-2 amended subsection (e) effective December 1, 2017 to increase the initial notice filing fee from \$250 to \$275 and the renewal fee from \$150 to \$175;

**WHEREAS**, the Commissioner, through the Securities and Business Investments Division (the “Division”) of the Department of Banking, has conducted an investigation into Stone Beach’s filing history pursuant to Section 36b-26 of the Act;

**WHEREAS**, as a result of such investigation, the Commissioner alleges that, from June 5, 2014 until March 31, 2021, Stone Beach failed to make the investment advisory notice filing required by Section 36b-6(e) of the Act and failed to pay the fees required by that section;

**WHEREAS**, upon being apprised of the Division’s concerns, Stone Beach made a notice filing and paid the fee required by Section 36b-6(e) of the Act on March 31, 2021;

**WHEREAS**, Chapter 54 of the Connecticut General Statutes permits the resolution of a contested case by stipulation or agreed settlement;

**WHEREAS**, Stone Beach desires to settle the matters described herein relating to its notice filing delinquency and, without either admitting or denying the truth of the Commissioner's allegations set forth hereinabove, voluntarily enters into this Stipulation and Agreement, acknowledging that this Stipulation and Agreement is in lieu of any court action or administrative proceeding adjudicating any issue of fact or law on the matters described herein;

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

**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, Stone Beach shall remit to the department by cashier's check, certified check or money order made payable to "Treasurer, State of Connecticut," or by electronic funds transfer, the sum of three thousand six hundred twenty five dollars (\$3,625), two thousand five hundred dollars (\$2,500) of which shall constitute an administrative penalty and one thousand one hundred twenty five dollars (\$1,125) of which shall represent reimbursement for past due investment advisory notice filing fees;
2. Stone Beach, its members, representatives and successors in interest shall refrain from engaging in conduct constituting or which would constitute a violation of the Act or the Regulations thereunder, including, without limitation, failing to observe the notice filing and fee requirements imposed by Section 36b-6(e) of 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 Stone Beach 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 Stone Beach and the Commissioner.

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

Dated at Hartford, Connecticut  
this 2 day of December 2021.

\_\_\_\_\_/s/\_\_\_\_\_  
Jorge L. Perez  
Banking Commissioner

I, David Lysenko, state on behalf of Stone Beach Investment Management, 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 Stone Beach Investment Management, LLC and that Stone Beach Investment Management, LLC agrees freely and without threat or coercion of any kind to comply with the terms and conditions stated herein.

Stone Beach Investment Management, LLC

By: \_\_\_\_\_/s/\_\_\_\_\_

David Lysenko  
Managing Member and  
Chief Compliance Officer

Date: \_\_\_\_11/20/21\_\_\_\_\_

[NOTARY STAMP]

Commission Expires Sep. 30, 2022