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**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Securities Act of Washington by:

JFB Capital LLC;
Jason F. Bond

Respondents.

Order No.: S-12-0958-12-TO01

SUMMARY ORDER TO SUSPEND AND/OR REVOKE
INVESTMENT ADVISER AND INVESTMENT
ADVISER REPRESENTATIVE REGISTRATION

THE STATE OF WASHINGTON TO:

**JFB Capital, LLC
Jason F. Bond**

STATEMENT OF CHARGES

Please take notice that the Securities Administrator of the state of Washington has reason to believe that Respondent, JFB Capital, LLC (“JFB Capital”) and Jason F. Bond, as the person who controls JFB Capital, have violated the Securities Act of Washington and that their violations justify the entry of an order of the Securities Administrator, under RCW 21.20.110, to suspend or revoke JFB Capital’s investment adviser and Jason Bond’s investment adviser representative registrations. The Securities Administrator finds that the continuing operation of JFB Capital as an investment adviser by its principal, Jason Bond, when it is not maintaining the required net worth for an investment adviser with discretionary authority over client accounts, would be hazardous to the public interest, and that it is necessary for the protection of the investing public that a Summary Order to suspend JFB Capital’s investment adviser and Jason Bond’s investment adviser representative registrations be entered immediately.

The Securities Administrator finds as follows:

TENTATIVE FINDINGS OF FACT

Respondents

1. JFB Capital, LLC (“JFB Capital”) is a Washington State Limited Liability Company formed on September 9, 2008. Its principal office and place of business is located at 6670 East Green Lake Way North, Seattle, Washington 98103.

SUMMARY ORDER TO SUSPEND AND/OR REVOKE
INVESTMENT ADVISER AND INVESTMENT ADVISER
REPRESENTATIVE REGISTRATION

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DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 9033
Olympia, WA 98507-9033
360-902-8760

1 2. JFB Capital is registered as an investment adviser with the Securities Division pursuant to RCW
2 21.20.040 under Washington File Number 30002934. JFB Capital's Investment Adviser Registration Depository
3 ("IARD") number is 0148468. JFB Capital's investment adviser registration was approved in Washington State on
4 November 14, 2008. Additionally, JFB Capital's investment adviser registration was approved in the state of
5 California on August 19, 2009.

6 3. JFB Capital is has discretionary authority over client funds. Its March 28, 2011 and December 22,
7 2011 amendments to Form ADV stated that JFB Capital managed thirty six accounts on a discretionary basis with total
8 assets under management ("AUM") of \$1,487,000. JFB Capital's March 29, 2012 amendment stated that JFB Capital
9 managed thirty four accounts on a discretionary basis with total AUM of \$375,000.

10 4. As an investment adviser discretionary authority over client funds or securities, but without custody of
11 client funds or securities, JFB Capital is required by WAC 460-24A-170 to maintain a minimum net worth of \$10,000.

12 5. Jason F. Bond is listed as the sole member and Registered Agent of JFB Capital. Mr. Bond is the only
13 registered investment adviser representative of JFB Capital. His Central Registration Depository ("CRD") number is
14 5500808. Jason Bond is JFB Capital's only Direct Owner/Executive Officer on IARD. He owns 75% or more of JFB
15 Capital and is its President.

16 Nature of the Conduct

17 6. On March 29, 2012, Jason Bond called the Securities Division to ask about how to complete JFB
18 Capital's balance sheet. JFB Capital was required, under 460-24A-060, to submit an annual balance sheet to the
19 Securities Division on or before March 31, 2012. During that phone call, Mr. Bond informed the Securities Division
20 that JFB Capital's net worth was below the minimum requirement and that it had been below \$10,000 since July of
21 2011. Mr. Bond reported that he contacted multiple bond companies in July of 2011, but that he was unable to obtain
22 a bond to cover the deficiency.

23 7. The Securities Division asked Mr. Bond about JFB Capital's ability to reach it minimum net worth
24 requirement within thirty days. Mr. Bond stated that he believed that JFB Capital would meet its minimum financial

1 requirement within thirty days. Based on what Mr. Bond said, the Securities Division requested monthly balance
2 sheets and informed Mr. Bond that JFB Capital was required, under WAC 460-24A-170(4) to send to the Securities
3 Division within two business days of discovering a net worth deficiency: (a) a trial balance of all ledger accounts, (b) a
4 statement of all client funds or securities which are not segregated, (c) a computation of the aggregate amount of client
5 ledger debit balances, and (d) a statement as to the number of client accounts. As the failure to meet the net worth
6 requirement was reported more than seven months after JFB Capital's net worth dipped below the required amount, the
7 Securities Division asked for the documents as soon as possible, but no later than March 30, 2012.

8 8. Mr. Bond also stated that he was unaware of the requirement, under WAC 460-24A-170(4), to report
9 to the director, by the close of the next business day, when JFB Capital's net worth falls below the \$10,000 minimum
10 requirement.

11 9. Jason Bond emailed the Securities Division two balance sheets for JFB Capital. JFB Capital's
12 February 29, 2012 Balance Sheet states JFB Capital's net worth was \$7,935.77. JFB Capital's December 31, 2011
13 Balance Sheet states JFB Capital's net worth was \$997.99.

14 10. On March 30, 2012, Mr. Bond informed the Securities Division that all JFB Capital's assets were in a
15 brokerage account and it was primarily invested in Velocity Shares Daily 2x VIX Short-Term ("TVIX"). TVIX is a
16 relatively volatile exchange traded note. Mr. Bond believed it was possible that price of TVIX would increase
17 enough such that JFB Capital would meet its minimum financial requirement. However he was unable to guarantee
18 that JFB Capital would be able to meet its minimum financial requirement.

19 11. After the discovery that JFB Capital's ability to meet its minimum financial requirement within thirty
20 days was uncertain, the Securities Division emailed Mr. Bond to inform JFB Capital that it had until April 6, 2012 to
21 reach its minimum net worth requirement of \$10,000. The email further specified that the Securities Division would
22 initiate an administrative action if JFB Capital failed to do so.

1 12. The Securities Division discussed with Mr. Bond possible ways for JFB Capital to meet its minimum
2 financial requirement by April 6, 2012. Mr. Bond informed the Securities Division that he would attempt to get a bond
3 or find someone who was willing to give JFB Capital the money necessary to cover the deficiency.

4 13. On April 5, 2012, Mr. Bond emailed the Securities Division a document showing JFB Capital's net
5 worth was \$5,500. He further informed the Securities Division that, while JFB Capital would ultimately be able to
6 meet the financial requirement, JFB Capital would be unable to make the April 6, 2012 deadline.

7 14. On April 9, 2012 Mr. Bond called to inform the Securities Division that JFB Capital was still unable to
8 meet its minimum financial requirement. He further informed the Securities Division that, due to a credit report, he
9 was unable to obtain a bond for JFB Capital and he was unable find someone who was willing to give JFB Capital the
10 money necessary to cover the deficiency.

11 15. JFB Capital's April 4, 2012 Ledger Account states JFB Capital's net worth is \$5,550. As of the date
12 of this Summary Order, JFB Capital has failed to inform the director that it meets the minimum net worth requirement.

13 CONCLUSIONS OF LAW

14 1. As set forth in the Tentative Findings of Fact, JFB Capital, LLC has willfully violated WAC 460-24A-
15 170(1) by failing to maintain at all times a minimum net worth of \$10,000. Such conduct constitutes grounds for a
16 summary order to suspend or revoke investment adviser registration under RCW 21.20.110(1)(b).

17 2. As set forth in the Tentative Findings of Fact, JFB Capital, LLC has willfully violated WAC 460-24A-
18 170(4) by failing to notify the Securities Division, by close of business on the next day, that JFB Capital, LLC's net
19 worth was below its \$10,000 requirement. Such conduct constitutes grounds for a summary order to suspend or revoke
20 investment adviser registration under RCW 21.20.110(1)(b).

21 3. As set forth in the Tentative Findings of Fact, Jason F. Bond, as the person who controls JFB Capital
22 is responsible for JFB Capital's violations of WAC 460-24A-170(1) and (4). Such conduct constitutes grounds to
23 suspend or revoke his investment adviser representative registration under RCW 21.20.110(6).

24 EMERGENCY

1 Because JFB Capital has discretionary authority over client funds but is unable to meet its minimum financial
2 requirements, the Securities Administrator finds that an emergency exists, that continued violations of WAC 460-24A-
3 170 constitute a threat to the investing public, and that a Summary Order to suspend JFB Capital's investment adviser
4 and Jason Bond's investment adviser representative registration is in the public interest and necessary for the
5 protection of the investing public.

6 **SUMMARY ORDER**

7 Based upon the foregoing:

8 NOW, THEREFORE, IT IS HEREBY SUMMARILY ORDERED, under the authority of RCW 21.20.110(1)
9 and (3) that Respondent, JFB Capital LLC's investment adviser registration is suspended.

10 IT IS FURTHER SUMMARILY ORDERED, under the authority of RCW 21.20.110(1), (3), and (6) that
11 Respondent, Jason Bond's investment adviser representative registration is suspended.

12 **AUTHORITY AND PROCEDURE**

13 This Order is entered pursuant to the provisions of RCW 21.20.110 and is subject to the provisions of Chapter
14 34.05 RCW. The Respondents may make a written request for a hearing as set forth in the NOTICE OF
15 OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this Order. If the
16 Respondents do not request a hearing in the allowed time, the Securities Administrator intends to adopt the above
17 Tentative Findings of Fact and Conclusions of Law as final, enter a permanent order to revoke that Respondent's
18 investment adviser or investment adviser representative registration.
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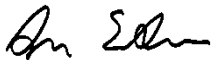
Signed and Entered this 1st day of May, 2012.



William M. Beatty
Securities Administrator

Approved by:

Presented by:



Suzanne E. Sarason
Chief of Enforcement

Elizabeth A.L. Smith
Financial Legal Examiner