

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, MARCH 9, 2023

SEC-2021-00044
REGISTRATION DIVISION

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. SEC-2021-00044

KAIROS INVESTING, LLC,
and
DAVID CLARK TAYLOR,
Defendants

SETTLEMENT ORDER

The State Corporation Commission's ("Commission") Division of Securities and Retail Franchising ("Division") conducted an investigation of Kairos Investing, LLC ("Kairos") and David Clark Taylor ("Taylor") (collectively, "Defendants") pursuant to § 13.1-518 of the Virginia Securities Act ("Act"), § 13.1-501 *et seq.* of the Code of Virginia ("Code").

Kairos is a Virginia limited liability company with an office address at 4507 Overcup Court, Fairfax, Virginia 22032. Taylor is the founder and chief investment officer of Kairos. Neither of the Defendants has previously registered with the Division as an investment advisor or an investment advisor representative in Virginia.

Based on the investigation, the Division alleges that from January 2015 to June 2021, Defendants provided investment advisory services to Virginia residents without being registered with the Division as an investment advisor or an investment advisor representative, respectively, in violation of § 13.1-504 A of the Act. The Division also alleges that Kairos employed an investment advisor representative who was not registered with the Division, in violation of § 13.1-504 C of the Act. Additionally, the Division alleges that Kairos violated § 13.1-503 C 1 of the Act by entering into investment advisory contracts that did not contain the following

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required written statement: "That the investment advisor shall not be compensated on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of the client." Further, the Division alleges that the Defendants directly or indirectly used an advertisement that referred to past specific recommendations of the investment advisor or investment advisor representative that were or would have been profitable to any person, in violation of Rule 21 VAC 5-80-200 of the Commission's rules governing investment advisors and investment advisor representatives, 21 VAC 5-80-10 *et seq.* ("Rules").

If the provisions of the Act or Rules are violated, the Commission is authorized by § 13.1-519 of the Act to issue temporary or permanent injunctions; by § 13.1-521 A of the Act to impose a civil penalty; by § 13.1-521 C of the Act to order the defendant to make rescission and restitution; and by § 12.1-15 of the Code to settle matters within its jurisdiction.

The Defendants neither admit nor deny the allegations made herein but admit to the Commission's jurisdiction and authority to enter this Settlement Order ("Order").

As a proposal to settle all matters arising from these allegations, the Defendants have made an offer of settlement to the Division wherein the Defendants will abide by and comply with the following terms:

(1) Within thirty (30) days of the entry of this Order, the Defendants will engage the services of, and enter into a contract with, an independent third-party compliance firm, approved by the Division ("Compliance Firm"), to monitor compliance-related activity of the Defendants for a period of at least one (1) year beginning on the date of entry of this Order. The contract shall require that the Compliance Firm review Kairos' compliance with all applicable securities laws, including all annual and proposed amendments to the Form ADV, and review all of the Defendants' proposed advertising and marketing materials;

(2) The Defendants, within thirty (30) days of the entry of this Order, will send a copy of this Order to each of their Virginia investment advisory clients;

(3) The Defendants will pay to the Treasurer of Virginia, contemporaneously with the entry of this Order, the amount of Two Thousand Dollars (\$2,000) in monetary penalties;

(4) The Defendants will pay to the Treasurer of Virginia, contemporaneously with the entry of this Order, the amount of Two Hundred Fifty Dollars (\$250) to defray the costs of investigation in this matter; and

(5) The Defendants will not violate the Act in the future.

The Division supports the Defendants' settlement offer and has recommended that the Commission accept the settlement.

NOW THE COMMISSION, having considered this matter, is of the opinion and finds that the settlement should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The settlement is accepted.

(2) The Defendants shall fully comply with the terms of the settlement stated herein.

(3) The Commission shall retain jurisdiction in this matter for all purposes, including the institution of a show cause proceeding, or taking such other action it deems appropriate on account of the Defendants' failure to comply with the terms of the settlement.

Commissioner Patricia L. West participated in this matter.

A COPY hereof shall be sent by the Clerk of the Commission by electronic mail to: Kairos Investing, LLC and David Clark Taylor, Chief Investment Officer, at david@kairosinvesting.com; and a copy shall be delivered to the Commission's Office of General Counsel and the Division of Securities and Retail Franchising.

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

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KAIROS INVESTING, LLC,
and
DAVID CLARK TAYLOR,
Defendants

ADMISSION AND CONSENT

Kairos Investing, LLC and David Clark Taylor ("Defendants") admit to the jurisdiction of the State Corporation Commission ("Commission") as to the party and subject matter hereof, and neither admit nor deny the allegations made herein by the Division of Securities and Retail Franchising, hereby consent to the form, substance and entry of the foregoing Settlement Order ("Order").

The Defendants further state that no offer, tender, threat or promise of any kind whatsoever has been made by the Commission or any member, subordinate, employee, agent or representative thereof in consideration of the foregoing Order.

Kairos Investing, LLC

Date: 2/22/23

By: DC Taylor

Its: owner

David Clark Taylor

Date: 2/22/23

DC Taylor