

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

INVESTMENT ADVISERS ACT OF 1940
Release No. 5258 / June 20, 2019

ADMINISTRATIVE PROCEEDING
File No. 3-19209

In the Matter of

JAVIER RIOS,

Respondent.

ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 203(f) OF THE
INVESTMENT ADVISERS ACT OF 1940,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 203(f) of the Investment Advisers Act of 1940 (“Advisers Act”) against Javier Rios (“Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, Respondent admits the Commission’s jurisdiction over him and the subject matter of these proceedings, and the findings contained in paragraphs III.2 and III.4 below, and consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 203(f) of the Investment Advisers Act of 1940, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondent’s Offer, the Commission finds¹ that

¹ The findings herein are made pursuant to Respondent’s Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

1. Rios, age 36, is a resident of Chula Vista, California. He is the sole member of JSG Capital Investments, LLC, a California limited liability company formed in 2014 that investors were told was “an independent and privately owned Investment Advisory firm.” JSG Capital Investments, LLC engaged in the business of advising others for compensation as to the advisability of investing in, purchasing, and selling securities.

2. On June 11, 2019, a final judgment was entered by consent against Rios, permanently enjoining him from future violations of Sections 17(a) of the Securities Act of 1933 (“Securities Act”), and Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 10b-5 thereunder, in the civil action entitled Securities and Exchange Commission v. JSG Capital Investments, LLC et al., Civil Action Number 4:16-CV-2814-JSW, in the United States District Court for the Northern District of California.

3. The Commission’s complaint alleged that, in connection with the sale of two products to investors, the “Promissory Conversion Investment Note Agreement” (or some variant thereof), and the “Fixed Index Investment Agreement,” Rios engaged in a Ponzi scheme, made material misrepresentations to investors, misappropriated investor funds, and otherwise engaged in a variety of conduct which operated as a fraud and deceit on investors.

4. On March 1, 2018, Rios pled guilty to one count of conspiracy in violation of 18 U.S.C. § 371 to commit offenses against the United States before the United States District Court for the Southern District of California, in United States v. Rios, Case No. 17-CR-03748-BEN. On October 26, 2018, a judgment in the criminal case was entered against Rios. He was sentenced to five (5) years of probation and ordered to make restitution in the amount of \$4,577,370.00.

5. The count of the criminal information to which Rios pled guilty alleged, inter alia, that beginning on or about April 28, 2016, and continuing to on or about May 27, 2016, in the Southern District of California and elsewhere, Rios did knowingly and willfully conspire with Jaswant Singh Gill and others known and unknown, to commit offenses against the United States, specifically, to devise a scheme and artifice to defraud and to obtain money and property from investors by means of materially false and fraudulent pretenses, representations, and promises, and by means of concealment of material facts, and in executing said scheme caused writings, signs, signals, and sounds to be transmitted by means of wire in interstate commerce, in violation of Title 18, United States Code, Section 1343.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent Rios’ Offer.

Accordingly, it is hereby ORDERED pursuant to Section 203(f) of the Advisers Act, that Respondent Rios be, and hereby is barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against the Respondent, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Vanessa A. Countryman
Acting Secretary