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**STATE OF CALIFORNIA
BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
DEPARTMENT OF BUSINESS OVERSIGHT**

TO: Paula F. De Vos
President
Catalyst Wealth Management, LLC dba Synergist Wealth Advisors, LLC
1999 Harrison Street, Suite 2210
Oakland, California 94612

DESIST AND REFRAIN ORDER

**(For violations of section 25401 of the Corporations Code and California Code of Regulations
260.238, subdivision (n))**

The Commissioner of Business Oversight (Commissioner) finds that:

1. At all relevant times, Catalyst Wealth Management, LLC, dba Synergist Wealth Advisors, LLC, (“Catalyst”) was registered with the California Department of Business Oversight as an investment adviser, having originally obtained this registration on June 23, 2003.
2. At all relevant times, Paula F. De Vos (De Vos) was the investment adviser representative and owner of Catalyst.
3. During a routine examination of Catalyst, the Commissioner determined that beginning in July 2016 and without written consent, Catalyst and De Vos began charging their clients a retainer fee, even though they had previously agreed only to pay advisory fees as a percentage of total assets under management.
4. California Code of Regulations section 260.238, subdivision (n), requires that all investment advisory contracts must be in writing and disclose, in substance, the services to be provided, the terms of the contract and the advisory fee or the formula for calculating the fee. During the examination, Catalyst provided no such contracts which disclosed that clients would be charged retainer fees.

1 5. Catalyst and De Vos responded to the Commissioner, claiming that it notified clients
2 of the addition of the retainer fee in a letter sent in early 2016. Catalyst and De Vos claimed it
3 interpreted a client’s non-response to the letter as consent to the new terms (“negative consent”).

4 6. In fact, nowhere in this letter to clients does Catalyst and/or De Vos mention that they
5 were increasing advisory fees or that they were adding retainer fees

6 7. Moreover, the only time the letter mentions charges at all is in a sentence that reads
7 ”You family is a valued and long-term client of the firm and going forward we will waive a third of
8 advisory charges going forward [sic] in appreciation of our long-standing relationship.” This
9 sentence creates the false impression that fees would actually decrease.

10 8. Several investment clients never even received the letter.

11 9. The change in fee structure caused a significant increase in quarterly fees billed to
12 clients and many of them only became aware of the increase in fees when preparing their 2017 tax
13 returns.

14 10. In connection with the financial advisory services, Catalyst and De Vos made or
15 caused to be made, misrepresentations of material facts, or omitted to state material facts, necessary
16 in order to make the statements contained in the letter regarding fees, in light of the circumstances
17 under which they were made, not misleading. Catalyst and De Vos did not clearly apprise clients of
18 its change in the fee structure or payments in the letter, and in fact, communicated the information in
19 a way that would lead a reader to believe that it was in fact reducing its fees.

20 Based on the foregoing, the Commissioner of Business Oversight is of the opinion that
21 Catalyst Wealth Management, LLC dba Synergist Wealth Advisors, LLC and Paula F. De Vos
22 charged fees at a rate that investors have not agreed to in writing in violation of California Code of
23 Regulations section 260.238, subdivision (n). The Commissioner further is of the opinion that there
24 is no written agreement with its investment advisory clients that correctly discloses the services to be
25 provided, the terms of the contact and the advisory fee or formula for computing the fee.

26 Corporations code section 25238 provides:
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No investment adviser licensed under this chapter and no natural person associated with the investment adviser shall engage in investment advisory activities, or attempt to engage in investment advisory activities, in this state in contradiction of such rules as the commissioner may prescribe designed to promote fair, equitable and ethical principles.

Pursuant to Corporations Code section 25532, Catalyst and De Vos are hereby ordered to desist and refrain from charging any fees in excess to the prior written agreement for fees. Catalyst and De Vos are further ordered to desist and refrain from charging any retainer fee until a written agreement advising the client of this fee is obtained.

The Commissioner is of the further opinion that the letter to investment advisory clients was misleading and caused investment advisory clients not to appreciate that their fees were increased by this letter.

Pursuant to Corporations Code section 25532, Catalyst and De Vos are hereby further ordered to desist and refrain from the making any statements to investment advisory clients that are misleading or false.

This Order is necessary, in the public interest, for the protection of investors and consistent with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

Dated: June 24, 2019
Sacramento, California

MANUEL P. ALVAREZ
Commissioner of Business Oversight

By: _____
MARY ANN SMITH
Deputy Commissioner