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9 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION  
10 OF THE STATE OF CALIFORNIA

11	In the Matter of:	)	CRD Nos.: 171235. 5919222. 2325229
12	THE COMMISSIONER OF FINANCIAL	)	CONSENT ORDER
13	PROTECTION AND INNOVATION,	)	
14	Complainant,	)	
15	v.	)	
16	JCG INVESTMENTS, LLC, an entity,	)	
17	GREG MITCHELL, an individual,	)	
18	JEFF MITCHELL, an individual,	)	
	Respondents,	)	

19 The Commissioner of Financial Protection and Innovation (Commissioner) and JCG  
20 Investments, LLC (JCG), Greg Mitchell (Greg), and Jeff Mitchell (Jeff) (collectively, the parties),  
21 enter into this Consent Order with respect to the following facts:

22 **RECITALS**

23 A. The Commissioner is authorized to administer and enforce the provisions of the Corporate  
24 Securities Law of 1968 (Corp. Code, § 25000 et seq.) (CSL) and the regulations promulgated  
25 thereunder at title 10 of the California Code of Regulations, which include the licensure,  
26 examination, and regulation of investment advisers.

27 B. JCG Investments, LLC (JCG) holds a valid and unrevoked investment adviser certificate  
28 (Central Registration Depository No. 171235) issued by the Commissioner on July 31, 2014.

1 C. JCG has its principal place of business located at 6806 Fallsbrook Court, Suite 1, Granite  
2 Bay, California 95746.

3 D. Greg and Jeff Mitchell are the founders and principal sole owners of JCG. Greg was and is  
4 the Chief Executive Officer and Investment Adviser Representative (IAR) of JCG. Jeff was an IAR  
5 of JCG from July 31, 2014 until August 5, 2020.

6 E. On or about January 9, 2017 examiners from the Department of Financial Protection and  
7 Innovation's (formerly Department of Business Oversight) Broker-Dealer Investment Advisory  
8 Program (BDIA) commenced a regulatory examination of JCG and produced a regulatory  
9 examination report which they submitted to JCG on April 24, 2017, requiring a response by May 15,  
10 2017.

11 F. After not receiving a response or any other form of communication from JCG by the May 15,  
12 2017 deadline, the Commissioner sent a certified delinquency letter dated May 24, 2017 to JCG  
13 requesting responses to the regulatory report findings by June 6, 2017. Neither JCG, Greg nor Jeff  
14 responded to the Department's May 24<sup>th</sup> regulatory letter regarding the 2017 examination.

15 G. On or about January 28, 2019, the Commissioner contacted JCG, notifying it that BDIA  
16 examiners would be conducting a subsequent examination of JCG on February 11, 2019 in order to  
17 obtain the responsive documents pertaining to the original 2017 examination, as well as to examine  
18 JCG's 2019 books and records for compliance.

19 H. After the February 11, 2019 examination, the Commissioner determined that JCG still had  
20 failed to produce most books and records requested in both the 2017 and 2019 examinations. The  
21 outstanding books and records resulted in a finding of the following violations:

- 22 (1) Corporations Code section 25241, by failing to maintain books and records;  
23 (2) Corporations Code section 25404, by making false or misleading statements to the  
24 commissioner with the intent to impede or obstruct the commissioner's examinations;  
25 (3) Corporations Code section 25235, by engaging in Fraudulent, Deceptive, or Manipulative  
26 acts through false or misleading advertisements;

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1 (4) Corporations Code section 25238, by engaging in Investment Adviser activities in  
2 contradiction of the Commissioner's rules by failing to maintain client records to establish client  
3 suitability for investments;

4 (5) Corporations Code section 25243.5, by using misleading senior-specific certification,  
5 credential, or professional designation;

6 (6) California Code of Regulations, title 10, section 260.235, by making advertisements which  
7 contain untrue, false, or misleading statements and failing to provide an advertisement file;

8 (7) California Code of Regulations, title 10, section 260.236.1, by failing to maintain an accurate  
9 Form U4;

10 (8) California Code of Regulations, title 10, section 260.237, by failing to follow custody of  
11 funds requirements;

12 (9) California Code of Regulations, title 10, section 260.237.2, by failing to comply with its  
13 minimum net worth requirements and failing to maintain a minimum net worth;

14 (10) California Code of Regulations, title 10, section 260.238, by failing to maintain client  
15 suitability documentation and failing to adhere to the terms of signed advisory agreements;

16 (11) California Code of Regulations, title 10, section 260.241.2, by failing to file required annual  
17 reports and monthly interim reports;

18 (12) California Code of Regulations, title 10, section 260.241.3, by failing to maintain a balance  
19 sheet, income statement, general ledger, cash reconciliation for bank accounts, brokerage  
20 application, advisory agreements, computations of minimum net worth requirements,  
21 correspondence file, complaint file, and maintain copies of client account statements; failing to  
22 provide evidence of the granting of any discretionary authority by any client to the adviser and  
23 supplementary documentation for alternative investments;

24 (13) California Code of Regulations, title 10, section 260.241.4, for failing to keep accurate its  
25 form ADV.

26 I. JCG, Greg, and Jeff admit to the jurisdiction of the Department of Financial Protection and  
27 Innovation and it is the intention of the Parties to resolve this matter without the necessity of a  
28 hearing and/or other litigation.

1 J. The Commissioner finds this action is appropriate, in the public interest, and consistent with  
2 the purposes fairly intended by the policies and procedures of the CSL.

3 NOW, THEREFORE, for good and valuable consideration, and the terms and conditions set  
4 forth herein, the Parties agree as follows:

5 **TERMS**

6 1. Purpose: This Consent Order resolves the issues before the Commissioner described  
7 above in a manner that avoids the expense of a hearing and other possible court proceedings,  
8 protects consumers, is in the public interest, and is consistent with the purposes and provisions of the  
9 CSL.

10 2. Order to Discontinue Violations: Pursuant to Corporations Code section 25249 and  
11 25252, JCG, Greg, and Jeff are hereby ordered to discontinue further violations of the CSL by  
12 complying with the Commissioner's Order to Discontinue Violations. JCG, Greg and Jeff agree to  
13 discontinue such violations and stipulate to the finality of the Commissioner's Order to Discontinue  
14 Violations.

15 3. License Revocation: Pursuant to Corporations Code section 25232, subdivision (h), the  
16 Commissioner hereby orders the investment adviser certificate of JCG (CRD No. 171235) be  
17 revoked within 30 calendar days of the Effective Date of this Consent Order. JCG, Greg, and Jeff  
18 agree to this revocation order and stipulate to the finality of this Revocation Order.

19 4. Suspension of Greg Mitchell: Pursuant to Corporations Code section 25232.1, the  
20 Commissioner hereby orders that Greg (CRD No. 5919222) be suspended from any position of  
21 employment, management or control of any investment adviser, broker-dealer or commodity adviser,  
22 and officer, director, partner, employee of, or person performing similar function for, an investment  
23 adviser, or any other person for a period of six (6) months commencing on the Effective Date of this  
24 Consent Order. JCG, Greg, and Jeff agree and stipulate to the finality of this suspension order. Greg  
25 also agrees to file a U5 with FINRA within 30 calendar days of the Effective Date of this Consent  
26 Order.

27 5. Prohibition Against Investment Adviser Activities: During the six (6) month period that  
28 the suspension order is in effect, Greg agrees that he will not conduct any investment adviser

1 activity, including, but not limited to, servicing existing clients or accepting any new business.

2 6. Future Registration and Heightened Supervision: Upon expiration of the suspension  
3 order, should Greg seek any position of employment of any investment adviser, Greg agrees to  
4 satisfy the qualification requirements of Title 10 of the California Code of Regulations, section  
5 260.236, and further agrees that any IAR registration or other application must be submitted by or on  
6 behalf of Greg to the Commissioner. Greg agrees and understands that the Commissioner's  
7 approval, if any, of such IAR registration or application may be granted on a restricted basis, and on  
8 the condition that Greg and Greg's future investment adviser firm agrees to a period of heightened  
9 supervision (Heightened Supervision Period) of at least twenty-four (24) months. During the  
10 Heightened Supervision Period, Greg may serve only as a non-supervisory employee, and not as an  
11 owner, manager, or control person of the investment adviser.

12 7. Monitoring Period: For the duration of the suspension order and Heightened Supervision  
13 Period (together, Monitoring Period), if the Commissioner finds that Greg has violated or is violating  
14 any provision of the CSL, Consent Order, or Suspension Order herein, the Commissioner will  
15 provide written notice to Greg of the alleged violation, and provide Greg 10 calendar days to meet  
16 and confer with the Commissioner and to cure the alleged violation. Greg agrees that if the  
17 Commissioner determines, in his sole discretion, that Greg has failed to cure the alleged violation,  
18 the Commissioner may summarily revoke Greg from any position of employment, management or  
19 control of any investment adviser, broker-dealer or commodity adviser. Greg waives all hearing  
20 rights to contest the summary revocation initiated pursuant to this provision, which may be afforded  
21 under the CSL, the California Administrative Procedure Act, the California Code of Civil Procedure,  
22 or any other provision of law in connection with these matters.

23 8. Administrative Penalty: JCG and Greg, jointly and severally, shall pay an administrative  
24 penalty of \$15,000.00 no later than 30 days after the Effective Date of this Consent Order as defined  
25 in paragraph 30. The penalty shall be made payable in the form of a cashier's check or Automated  
26 Clearing House deposit to the Department of Financial Protection and Innovation and transmitted to  
27 the attention of Accounting – Litigation, at the Department of Financial Protection and Innovation,  
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1 2101 Arena Boulevard, Sacramento, California 95834. Notice of the payment shall be concurrently  
2 sent via email to Taylor.Herrlinger@dfpi.ca.gov.

3 9. Notice to Clients and the Commissioner: Within 30 calendar days from the Effective  
4 Date of this Consent Order by the Parties, JCG, Greg, and Jeff shall provide written notification  
5 (Notice) to all existing clients detailing the terms of this Consent Order. Such Notice shall describe  
6 the process of moving the client accounts to another adviser and the process for the alternative of  
7 closing the accounts. The Notice shall be in a form submitted to and approved by the Commissioner  
8 and should be emailed to Taylor Herrlinger, Counsel, at taylor.herrlinger@dfpi.ca.gov, within 10  
9 calendar days of the Effective Date of this Consent Order for review and approval. Within 35  
10 calendar days of the Effective Date of this Consent Order, JCG, Greg, and Jeff shall file the  
11 following with Taylor Herrlinger, Counsel, at taylor.herrlinger@dfpi.ca.gov: (1) copies of all  
12 written Notices provided to clients; (2) proof of mailing of the Notices to each client via US Mail  
13 and Certified Mail, Return Receipt Requested; and (3) a list of all clients receiving the written  
14 notice, including the name, address, and telephone number of each client.

15 10. Waiver of Hearing Rights: JCG, Greg, and Jeff acknowledge that the Commissioner is  
16 ready, willing, and able to proceed with the filing of an administrative enforcement action on the  
17 charges contained in this Consent Order, Order to Discontinue Violations, and Order Levying  
18 Administrative Penalties. JCG, Greg, and Jeff hereby waive the right to any hearings, and to any  
19 reconsideration, appeal, or other right to review which may be afforded pursuant to the CSL, the  
20 California Administrative Procedure Act, the California Code of Civil Procedure, or any other  
21 provision of law. JCG, Greg, and Jeff further expressly waive any requirement for the filing of an  
22 Accusation pursuant to Government Code section 11415.60, subdivision (b). By waiving such rights,  
23 JCG, Greg and Jeff effectively consent to this Consent Order and Order to Discontinue Violations  
24 becoming final. JCG, Greg, and Jeff, hereby stipulate that the hearing rights associated with the  
25 Order Levying Administrative Penalties shall be waived, and an administrative penalty shall be  
26 imposed and satisfied through this Consent Order under paragraph number eight (8) above.

27 11. Full and Final Settlement: The Parties hereby acknowledge and agree that this Consent  
28 Order is intended to constitute a full, final, and complete resolution of the violations described

1 herein, and that no further proceedings or actions will be brought by the Commissioner in connection  
2 with these matters except under the CSL or any other provision of law, excepting therefrom any  
3 proceeding to enforce compliance with the terms of this Consent Order.

4 12. Failure to Comply with Consent Order: JCG, Greg, and Jeff agree that if they fail to  
5 comply with any requirement of this Consent Order, the Commissioner may, in addition to all other  
6 available remedies he may invoke under the CSL, immediately revoke the investment adviser  
7 representative license of Greg or Jeff. Greg and Jeff hereby waive any notice and hearing rights to  
8 contest the immediate revocation which may be afforded under the CSL, the California  
9 Administrative Procedure Act, the California Code of Civil Procedure, or any other provision of law  
10 in connection therewith.

11 13. Information Willfully Withheld or Misrepresented: This Consent Order may be revoked  
12 and the Commissioner may pursue any and all remedies available under law against JCG, Greg, or  
13 Jeff if the Commissioner discovers that JCG, Greg, or Jeff knowingly or willfully withheld or  
14 misrepresented information used for and relied upon in this Consent Order.

15 14. Future Actions by the Commissioner: If JCG, Greg, or Jeff fail to comply with any  
16 terms of the Consent Order, the Commissioner may institute proceedings for any and all violations  
17 otherwise resolved under this Consent Order. The Commissioner reserves the right to bring any  
18 future actions against JCG, Greg, or Jeff, or any of its partners, owners, officers, shareholders,  
19 directors, affiliates, employees or successors for any and all unknown violations of the CSL.

20 15. Assisting Other Agencies: Nothing in this Consent Order limits the Commissioner's  
21 ability to assist any other government agency (whether city, county, state, or federal) with any  
22 administrative, civil or criminal action brought by that agency against JCG, Greg, or Jeff or any  
23 other person based upon any of the activities alleged in this matter or otherwise.

24 16. Independent Legal Advice: Each of the Parties represents, warrants, and agrees that it  
25 has received or been advised to seek independent legal advice from its attorneys with respect to the  
26 advisability of executing this Consent Order.

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1           17. Headings: The headings to the paragraphs of this Consent Order are inserted for  
2 convenience only and will not be deemed a part hereof or affect the construction or interpretation of  
3 the provisions hereof.

4           18. Binding: This Consent Order is binding on all heirs, assigns, and/or successors in  
5 interest.

6           19. Reliance: Each of the Parties represents, warrants, and agrees that in executing this  
7 Consent Order, it has relied solely on the statements set forth herein and the advice of its own  
8 counsel. Each of the Parties further represents, warrants, and agrees that in executing this Consent  
9 Order, it has placed no reliance on any statement, representation, or promise of any other Party, or  
10 any other person or entity not expressly set forth herein, or upon the failure of any Party or any other  
11 person or entity to make any statement, representation or disclosure of anything whatsoever. The  
12 Parties have included this clause: (1) to preclude any claim that any Party was in any way  
13 fraudulently induced to execute this Consent Order; and (2) to preclude the introduction of parol  
14 evidence to vary, interpret, supplement, or contradict the terms of this Consent Order.

15           20. Waiver, Amendments, and Modification: No waiver, amendment, or modification of  
16 this Consent Order will be valid or binding unless it is in writing and signed by each of the Parties.  
17 The waiver of any provision of this Consent Order will not be deemed a waiver of any other  
18 provision. No waiver by either Party of any breach of, or of compliance with, any condition or  
19 provision of this Consent Order by the other Party will be considered a waiver of any other condition  
20 or provision or of the same condition or provision at another time.

21           21. Full Integration: This Consent Order is the final written expression and the complete  
22 and exclusive statement of all the agreements, conditions, promises, representations, and covenant  
23 between the Parties with respect to the subject matter hereof, and supersedes all prior or  
24 contemporaneous agreements, negotiations, representations, understandings, and discussions  
25 between and among the Parties, their respective representatives, and any other person or entity, with  
26 respect to the subject matter covered hereby.

27           22. Governing Law: This Consent Order will be governed by and construed in accordance  
28 with California law. Each of the Parties hereto consents to the jurisdiction of such court, and hereby

1 irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to  
2 the maintenance of such action or proceeding in such court.

3 23. Counterparts: This Consent Order may be executed in one or more separate counterparts,  
4 each of which when so executed, shall be deemed an original. Such counterparts shall together  
5 constitute a single document.

6 24. Effect Upon Future Proceedings: If JCG, Greg, or Jeff apply for any license, permit or  
7 qualification under the Commissioner's current or future jurisdiction, or are the subject of any future  
8 action by the Commissioner to enforce this Consent Order, then the subject matter hereof shall be  
9 admitted for the purpose of such application(s) or enforcement proceedings(s).

10 25. Voluntary Agreement: JCG, Greg, and Jeff enter into this Consent Order voluntarily and  
11 without coercion and acknowledges that no promises, threats or assurances have been made by the  
12 Commissioner or any officer, or agent thereof, about this Consent Order. The Parties each represent  
13 and acknowledge that he, she or it is executing this Consent Order completely voluntarily and  
14 without any duress or undue influence of any kind from any source.

15 26. No Presumption Against Drafting Party: Each Party acknowledges that it has had the  
16 opportunity to draft, review, and edit the language of this Consent Order. Accordingly, the Parties  
17 intend that no presumption for or against the drafting Party will apply in construing any part of this  
18 Consent Order. The Parties waive the benefit of Civil Code section 1654 as amended or  
19 corresponding provisions of any successor statute, which provide that in cases of uncertainty,  
20 language of a contract should be interpreted most strongly against the Party that caused the  
21 uncertainty to exist.

22 27. Notice: Any notice required under this Consent Order shall be provided to each Party at  
23 the following addresses:

24 To JCG Investments, LLC, Greg Mitchell or Jeff Mitchell:

25 JCG Investments, LLC  
26 Greg Mitchell  
27 Jeff Mitchell  
28 6806 Fallsbrook Court, Suite 1  
Granite Bay, California 95748  
Gregmitchell2@gmail.com  
Jeff@monolithfinancial.com

1 To the Commissioner:

2 Taylor Herrlinger, Counsel  
3 Department of Financial Protection and Innovation  
4 Enforcement Division  
5 2101 Arena Boulevard  
6 Sacramento, California 95834  
7 taylor.herrlinger@dfpi.ca.gov

8 28. Signatures: A fax or electronic mail signature shall be deemed the same as an original  
9 signature.

10 29. Public Record: JCG, Greg, and Jeff hereby acknowledge that this Consent Order will be  
11 a matter of public record.

12 30. Effective Date: This Consent Order shall become final and effective when signed by all  
13 Parties and delivered by the Commissioner’s counsel by email to JCG, Greg, and Jeff at  
14 gregmitchell2@gmail.com and jeff@monolithfinancial.com.

15 31. Authority to Sign: Each signatory hereto covenants that he/she possesses all necessary  
16 capacity and authority to sign and enter into this Consent Order and undertake the obligations set  
17 forth herein.

18 Dated: November 6, 2020

MANUEL P. ALVAREZ  
Commissioner of Financial Protection and Innovation

19 By \_\_\_\_\_  
20 MARY ANN SMITH  
21 Deputy Commissioner  
22 Enforcement Division

23 Dated: November 6, 2020

24 By \_\_\_\_\_  
25 JCG INVESTMENTS, LLC  
26 and GREG MITCHELL, In His Personal Capacity

27 Dated: November 6, 2020

28 By \_\_\_\_\_  
JCG INVESTMENTS, LLC,  
and JEFF MITCHELL, In His Personal Capacity