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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.: 179521 and 6469595
12 THE COMMISSIONER OF FINANCIAL) CONSENT ORDER
13 PROTECTION AND INNOVATION,)
14 Complainant,)
15 v.)
16 PRIORITY WEALTH ADVISORS, INC.; and)
17 JOSEPH DONTI,)
18 Respondents.)
19 _____)

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26 This Consent Order is entered into between the Commissioner of Financial Protection and
27 Innovation (Commissioner) and Respondents Priority Wealth Advisors, Inc. (PWA) and Joseph
28 Donti (Donti) (collectively, Respondents) and is made with respect to the following facts:

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I.

RECITALS

A. The Commissioner has jurisdiction over the licensing and regulation of investment advisers in California under the Corporate Securities Law of 1968 (Corp. Code, § 25000 *et seq.*) (CSL). The Commissioner is authorized to administer the CSL and the rules and regulations promulgated in California Code of Regulations, title 10 (CCR), section 260.000 *et seq.*

B. At all relevant times, PWA is a California corporation organized on or around March 6, 2015, with a principal place of business located at 21550 Oxnard Street #450, Woodland Hills, California 91367.

C. At all relevant times, PWA is licensed as an investment adviser under the CSL with Central Registration Depository (CRD) number 179521. The Financial Industry Regulatory Authority (FINRA) maintains the CRD database, which contains information concerning all companies and individuals working in the securities industry.

D. At all relevant times, Donti is the owner, Chief Executive Officer, and investment adviser representative (RIA) of PWA with CRD number 6469595. Donti is authorized to enter into this Consent Order on behalf of PWA.

E. On or around August 9, 2017, Donti entered into an agreement with 1 Global Capital, LLC (1 Global) designating Donti as an “Affiliate” of 1 Global who would be compensated with a “Fee, Renewal Fee, or Override Fee” for “rendering sales and marketing services in connection with the Company’s capital raising and customer relationship activities”

F. In or around 2017 Donti offered securities issued by 1 Global called “Memorandum of Indebtedness” (MOI(s)) to at least 29 clients of PWA whose investments totaled approximately \$2,594,669.65.

G. The MOI promised a high-return, low-risk investment in which 1 Global would use investor money to make short-term cash advances called Merchant Cash Advances to businesses.

H. The 1 Global MOIs offered by Donti to PWA’s clients were securities that were neither qualified nor exempt from the qualification requirement under Section 25110 of the CSL.

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1 I. On or around August 23, 2018, the United States Securities and Exchange
2 Commission (SEC) filed a Complaint for Injunctive and Other Relief (*SEC v. 1 Global Capital LLC*
3 *et al.* (Case No. 18-cv-61991-BB) (SEC Complaint). The SEC Complaint sought disgorgement and
4 civil penalties from 1 Global and its Chief Executive officer, Carl Ruderman, and obtained a
5 temporary asset freeze and a receiver against multiple relief defendants, for raising more than \$287
6 million since 2014 from the sale of unregistered, fraudulent securities in the form of MOIs using a
7 network of barred brokers, registered and unregistered investment advisers, and other sales agents to
8 investors in at least 25 states, including California.

9 J. On or around April 10, 2019, the Department commenced a regulatory examination
10 of PWA’s investment advisory business (Regulatory Exam).

11 K. The Regulatory Exam disclosed, without limitation, the following:

12 a. PWA and Donti offered and sold securities in the form of MOIs in 1 Global that were
13 neither qualified nor exempt, in violation of Corporations Code section 25110.

14 b. PWA and Donti recommended securities that were unsuitable for PWA’s clients
15 based on the client’s investment objectives and levels of investment experience, in violation of
16 Corporations Code section 25238 and CCR section 260.238, subdivision (a).

17 c. As of at least August 2019, PWA’s website, www.prioritywealthadvisors.com, under
18 “Services,” included the following statements that guarantee a client “long-term growth” and
19 “income throughout your retirement” as a result of PWA’s advice, in violation of CCR section
20 260.238, subdivision (l):

21 Retirement Income Strategies . . .

22 We can help you design a guaranteed* retirement income strategy that
23 incorporates insurance and annuity vehicles to create opportunities for
24 long-term growth as well as guaranteed* income throughout your
retirement . . .

25 *Guarantees are backed by the financial strength and claims-paying ability
26 of the issuing company and may be subject to restrictions, limitations or
27 early withdrawal fees. Annuities are not FDIC insured.

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Your investment advisor is not permitted to offer, and no statement contained herein shall constitute tax or legal advice. You should consult a tax or legal professional on any such matters

d. From January 9, 2019, when the civil case, *Leyton v. Donti et al.* (Case No. 19BBCV00030) was filed in the Superior Court of the State of California for the County of Los Angeles, through at least December 4, 2019, Donti failed to file an updated Form U4 including a disclosure under Section 14I.(1) for being named as a respondent or defendant in an investment-related, consumer-initiated arbitration or civil litigation which alleged that he was involved in one or more sales practice violations and which was still pending, in violation of CCR section 260.236.1, subdivision (a).

L. On or around February 10, 2020, the Arizona Corporation Commission entered a Consent Order for a Cease and Desist, Order of Suspension, and Order for Administrative Penalties, *In the Matter of Priority Wealth Advisors, Inc., a California corporation, Joseph Donti* (Docket No. S-21092A-20-0009, Decision No. 77545) against PWA and Donti. Pursuant to Corporations Code section 25232, subdivision (d), the Commissioner is authorized to suspend or revoke an investment adviser certificate if the investment adviser or its investment adviser representative is or has been subject to any order of the securities administrator of any other state denying or revoking or suspending his or her registration as an investment adviser or investment adviser representative. Pursuant to Corporations Code section 25232.1, the Commissioner is authorized to suspend or bar from any position of employment, management, or control of any investment adviser, any officer, director, partner, or employee of an investment adviser, if the person is subject to any order specified in Section 25232, subdivision (d).

M. On or around June 1, 2020, while the Regulatory Exam was pending, PWA requested to surrender its investment adviser certificate by filing with the Commissioner a Notice of Withdrawal from Registration as an Investment Adviser (Form ADV-W).

N. On or around June 8, 2020, the Commissioner issued the Order Imposing Conditions on Surrender of Certificate as Investment Adviser (Order Imposing Conditions), which postponed the effectiveness of surrender until all the conditions contained therein, including, but not limited to, completion of the Regulatory Exam and investigation of PWA, were met.

1 O. In or around October 2020, the Department notified PWA and Donti of the findings
2 made in the Regulatory Exam.

3 P. As of the Effective Date of this Consent Order as defined in Paragraph 27 below,
4 PWA and Donti satisfactorily responded to and resolved the findings of violations made in the
5 Regulatory Exam, and all conditions stated in the Order Imposing Conditions have been met.

6 Q. PWA and Donti neither admit nor deny the Commissioner’s findings of facts and
7 conclusions of law herein except as to the jurisdiction of the Commissioner in this matter for the
8 purposes of enforcing this Consent Order.

9 R. The Commissioner finds that entering into this Consent Order is in the public interest
10 and consistent with the purposes fairly intended by the policies and provisions of the CSL.

11 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions set
12 forth herein, the parties agree as follows:

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14 **II.**

15 **TERMS AND CONDITIONS**

16 1. Purpose. This Consent Order resolves the issues before the Commissioner set forth in
17 Paragraphs A through R above in a manner that avoids the expense of a hearing and other possible
18 court proceedings, protects investors, is in the public interest, and is consistent with the purposes,
19 policies, and provisions of the CSL.

20 2. Final Desist and Refrain Order. Respondents hereby agree that pursuant to
21 Corporations Code section 25532, subdivisions (a) and (d), they are ordered to desist and refrain
22 from violating Corporations Code sections 25110 and 25238 and CCR sections 260.238 and
23 260.236.1 (Order). Respondents further agree that the Order is a final order.

24 3. Penalty. Respondents shall pay a penalty in the amount of \$10,000.00 for the
25 violations set forth in Paragraph K above by no later than 30 days after the Effective Date of this
26 Consent Order as defined in Paragraph 27 below. The penalty shall be made payable in the form of
27 a cashier’s check or Automated Clearing House deposit to the Department of Financial Protection
28 and Innovation and transmitted to the attention of Accounting – Litigation, at the Department of

1 Financial Protection and Innovation, 2101 Arena Boulevard, Sacramento, California 95814-2306.

2 Notice of the payment must be concurrently sent to Sophia C. Kim via e-mail at:

3 Sophia.Kim@dfpi.ca.gov.

4 4. Suspension. Pursuant to Corporations Code sections 25232.1 and 25232, subdivision
5 (d), Donti shall be suspended from any position of employment, management or control of any
6 broker-dealer or investment adviser in the State of California for a period of six months starting from
7 the Effective Date of this Consent Order as defined in Paragraph 27 below.

8 5. Order Accepting Surrender of Investment Adviser Certificate. PWA hereby
9 voluntarily and permanently surrenders its investment adviser certificate. The Commissioner finds
10 that PWA met the conditions set forth in the Order Imposing Conditions issued on or around June 8,
11 2020, and hereby accepts the surrender of PWA's investment adviser certificate.

12 6. Waiver of Hearing Rights. Respondents acknowledge that the Commissioner is
13 ready, willing, and able to proceed with the filing of an administrative enforcement action on the
14 charges contained in this Consent Order. Respondents hereby waive the right to any hearings, and to
15 any reconsiderations, appeal, or other right to review which may be afforded pursuant to the CSL,
16 the California Administrative Procedure Act, the California Code of Civil Procedure, or any other
17 provision of law. Respondents further expressly waive any requirement for the filing of an
18 Accusation pursuant to Government Code section 11415.60, subdivision (b). By waiving such
19 rights, Respondents effectively consent to this Consent Order and Order becoming final.

20 7. Failure to Comply with Consent Order. Respondents agree that if they fail to comply
21 with the terms of this Consent Order, the Commissioner may, in addition to all other available
22 remedies he may invoke under the CSL, deny any application and/or summarily suspend or revoke
23 any license granted by the Commissioner to Respondents until Respondents are in compliance.
24 Respondents waive any notice and hearing rights to contest such denial or summary suspension or
25 revocation which may be afforded under the CSL, the California Administrative Procedure Act, the
26 California Code of Civil Procedure, or any other provision of law in connection therewith.

27 8. Information Willfully Withheld or Misrepresented. This Consent Order may be
28 revoked and the Commissioner may pursue any and all remedies available under law against

1 Respondents if the Commissioner discovers that Respondents knowingly or willfully withheld or
2 misrepresented information used for and relied upon in this Consent Order.

3 9. Future Actions by Commissioner. If Respondents fail to comply with any terms of
4 the Consent Order or Order, the Commissioner may institute proceedings for any and all violations
5 otherwise resolved under this Consent Order. The Commissioner reserves the right to bring any
6 future actions against Respondents, or any of their partners, owners, officers, shareholders, directors,
7 employees or successors for any and all unknown violations of the CSL.

8 10. Assisting Other Agencies. Nothing in this Consent Order limits the Commissioner's
9 ability to assist any other government agency (city, county, state, or federal) with any prosecution,
10 administrative, civil or criminal brought by that agency against Respondents or any other person
11 based upon any of the activities alleged in this matter or otherwise.

12 11. Headings. The headings to the paragraphs of this Consent Order are inserted for
13 convenience only and will not be deemed a part hereof or affect the construction or interpretation of
14 the provisions hereof.

15 12. Binding. This Consent Order is binding on all heirs, assigns, and/or successors in
16 interest.

17 13. Reliance. Each of the parties represents, warrants, and agrees that in executing this
18 Consent Order it has relied solely on the statements set forth herein and the advice of its own
19 counsel. Each of the parties further represents, warrants, and agrees that in executing this Consent
20 Order it has placed no reliance on any statement, representation, or promise of any other party, or
21 any other person or entity not expressly set forth herein, or upon the failure of any party or any other
22 person or entity to make any statement, representation or disclosure of anything whatsoever. The
23 parties have included this clause: (1) to preclude any claim that any party was in any way
24 fraudulently induced to execute this Consent Order; and (2) to preclude the introduction of parol
25 evidence to vary, interpret, supplement, or contradict the terms of this Consent Order.

26 14. No Presumption Against Drafting Party. Each party acknowledges that it has had the
27 opportunity to draft, review, and edit the language of this Consent Order. Accordingly, the parties
28 intend that no presumption for or against the drafting party will apply in construing any part of this

1 Consent Order. The parties waive the benefit of Civil Code section 1654 as amended or
2 corresponding provisions of any successor statute, which provide that in cases of uncertainty,
3 language of a contract should be interpreted most strongly against the party that caused the
4 uncertainty to exist.

5 15. Independent Legal Advice. Each of the parties represents, warrants, and agrees that it
6 has received independent advice from its attorney(s) and/or representatives with respect to the
7 advisability of executing this Consent Order.

8 16. Waiver, Amendments, and Modifications. No waiver, amendment, or modification of
9 this Consent Order will be valid or binding unless it is in writing and signed by each of the parties.
10 The waiver of any provision of this Consent Order will not be deemed a waiver of any other
11 provision. No waiver by either party of any breach of, or of compliance with, any condition or
12 provision of this Consent Order by the other party will be considered a waiver of any other condition
13 or provision or of the same condition or provision at another time.

14 17. Full Integration. This Consent Order is the final written expression and the complete
15 and exclusive statement of all the agreements, conditions, promises, representations, and covenants
16 between the parties with respect to the subject matter hereof, and supersedes all prior or
17 contemporaneous agreements, negotiations, representations, understandings, and discussions
18 between and among the parties, their respective representatives, and any other person or entity, with
19 respect to the subject matter covered hereby.

20 18. Governing Law. This Consent Order shall be construed and enforced in accordance
21 with and governed by California law.

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

25 20. Effect Upon Future Proceedings. If Respondents apply for any license, permit or
26 qualification under the Commissioner's current or future jurisdiction, or are the subject of any future
27 action by the Commissioner to enforce this Consent Order, then the subject matter hereof shall be
28 admitted for the purpose of such application(s) or enforcement proceeding(s).

1 21. Voluntary Agreement. Respondents enter into this Consent Order voluntarily and
2 without coercion and acknowledge that no promises, threats or assurances have been made by the
3 Commissioner or any officer, or agent thereof, about this Consent Order. The parties each represent
4 and acknowledge that he, she or it is executing this Consent Order completely voluntarily and
5 without any duress or undue influence of any kind from any source.

6 22. Notice. Any notice required under this Consent Order shall be provided to each party
7 at the following addresses:

8 To Respondents:

9 Joseph Donti, 9375 East Shea Boulevard, Suite 100, Scottsdale, Arizona 85260;
10 david.porteous@faegredrinker.com.

11 To the Commissioner:

12 Sophia C. Kim, Senior Counsel, Enforcement Division, Department of Financial
13 Protection and Innovation, 320 West 4th Street, Suite 750, Los Angeles, California
14 90013; Sophia.Kim@dfpi.ca.gov.

15 25. Signatures. A fax or electronic mail signature shall be deemed the same as an
16 original signature.

17 26. Public Record. Respondents hereby acknowledge that this Consent Order is and will
18 be a matter of public record.

19 27. Effective Date. This Consent Order shall become final and effective when signed by
20 all parties and delivered by the Commissioner’s counsel via e-mail to Respondents at
21 david.porteous@faegredrinker.com.

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

Dated: 11/16/20

MANUEL P. ALVAREZ
Commissioner of Financial Protection and Innovation

By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division

Dated: 11/13/20

By _____
JOSEPH DONTI, Individually and as
Chief Executive Officer on behalf of
Priority Wealth Advisors, Inc.