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

12 In the Matter of:

CRD NO.: 309058

13 THE COMMISSIONER OF THE
14 DEPARTMENT OF FINANCIAL
PROTECTION AND INNOVATION,

CONSENT ORDER

15
16 Complainant,

17 v.

18 JESSE E. NORWALT, doing business as
19 NORWALT CAPITAL

20 Respondents.

21 This Consent Order (Order) is entered into between the Commissioner of the Department of
22 Financial Protection and Innovation (Commissioner) and Jesse E. Norwalt, doing business as Norwalt
23 Capital (Norwalt), and is made with respect to the following facts:

24 **I.**

25 **Recitals**

26 A. The Commissioner has jurisdiction over the regulation of persons engaged in the
27 business of an investment adviser in California under the Corporate Securities Law of 1968
28 (Corporations Code section 25000 et seq.).

1 B. On or about June 8, 2020, Norwalt (CRD # 309058) applied with the Commissioner
2 for a license to engage in the business of an investment adviser in California. Norwalt maintains a
3 business address at 14703 Reedley Street, Moorpark, California 93021.

4 C. Beginning in or about 2018, Norwalt managed the investment portfolios of family and
5 friends (clients) and received compensation from the clients for these services.

6 D. At no time has Norwalt held a license from the Commissioner to engage in the
7 business as an investment adviser in California. Therefore, Norwalt engaged in business as an
8 investment adviser without a license.

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

11 **II.**

12 **Terms and Conditions**

13 1. Purpose. This Order resolves the issues before the Commissioner, including findings
14 of facts set forth in paragraphs A through D, above, in a manner that avoids the expense of a hearing
15 and other possible court proceedings, protects consumers, is in the public interest, and is consistent
16 with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

17 2. Finality of Consent Order. Norwalt agrees to comply with this Order and stipulate this
18 Order is hereby deemed final.

19 3. Desist and Refrain Order. Norwalt is hereby ordered to desist and refrain from
20 conducting business as an investment adviser in the State of California, unless and until granted a
21 certificate by the Commissioner or unless exempt.

22 4. Past Due Licensing Fees. Norwalt agrees to pay to the Commissioner past due
23 licensing fees owed for the period of unlicensed investment adviser activity in the amount of \$125.00,
24 which shall be due within 30 calendar days of the effective date of this Order, as such date is defined
25 in Paragraph 24.

26 5. Refunds to Clients. Norwalt agrees to refund to clients the investment advisory fees paid
27 by clients to Norwalt during the period that Norwalt engaged in the business of an investment adviser
28 without a license from the Commissioner (Refund Payments), as follows:

1 a. No later than 30 calendar days after the effective date of the Order, as such date
2 is defined in Paragraph 24, Norwalt shall pay to each of the five clients the amount of investment
3 advisory fees paid by clients to Norwalt during the period that Norwalt engaged in unlicensed
4 investment adviser activity;

5 b. No later than 120 days after the effective date of the Order, Norwalt will provide
6 the Commissioner the following evidence of payment of the Refund Payments: (i) a roster of clients
7 names and addresses in electronic format; and (ii) copies of each refund check and form of transmittal
8 letter sent to clients; and

9 c. No later than 120 days after the effective date of this Order, Norwalt shall
10 notify the Commissioner of any Refund Payments that have been returned or remains outstanding.
11 Norwalt shall be responsible for ensuring that any outstanding Refund Payments owed to any client
12 are escheated to the State of California pursuant to the provisions of the California Unclaimed
13 Property Law (Code of Civil Procedure section 1500 et seq.).

14 6. Withdrawal of Application for Licensure. Norwalt wishes to withdraw its application
15 for licensure as an investment adviser in California. No later than 30 days after the effective date of
16 the Order, as such date is defined in Paragraph 24, Norwalt shall file a request to withdraw its
17 application (Form ADV-W) with the Commissioner through the Investment Adviser Registration
18 Depository (IARD). Upon Norwalt's compliance with Paragraphs 4 and 5, the Commissioner agrees
19 it will not unduly delay processing of Norwalt's request to withdraw its application and will notify
20 Norwalt in writing when the Commissioner accepts withdrawal of the application.

21 7. Waiver of Hearing Rights. Norwalt acknowledges the Commissioner is ready, willing,
22 and able to proceed with the filing of an administrative enforcement action on the charges contained
23 in this Order. Norwalt hereby waives the right to any hearings, and to any reconsideration, appeal, or
24 other right to review which may be afforded pursuant to the Corporations Code, the California
25 Administrative Procedure Act, the California Code of Civil Procedure, or any other provision of law,
26 including those rights under Corporations Code sections 25233 and 25532, and to judicial review of
27 this matter pursuant to Code of Civil Procedure section 1094.5 with respect to the issuance of this
28 Order and the Desist and Refrain Order contained herein. Norwalt further expressly waive any

1 requirement for the filing of an Accusation pursuant to Government Code section 11415.60,
2 subdivision (b). By waiving such rights, Norwalt effectively consents to this Order and Desist and
3 Refrain Order becoming final.

4 8. Full and Final Settlement. Norwalt hereby acknowledges and agrees that this Order is
5 intended to constitute a full, final, and complete resolution of the conduct described in paragraphs A
6 through D, above, and that no further proceedings or actions will be brought by the Commissioner in
7 connection with these matters except under the Corporate Securities Law of 1968, or any other
8 provision of law, to enforce compliance with the terms of this Order.

9 9. Information Willfully Withheld or Misrepresented. This Order may be revoked, and
10 the Commissioner may pursue any and all remedies available under the law against Norwalt, if the
11 Commissioner discovers that Norwalt knowingly or willfully withheld or misrepresented information
12 used for and relied upon in this Order.

13 10. Future Actions by Commissioner. If Norwalt fails to comply with any term of the
14 Order, the Commissioner may institute proceedings for any and all violations otherwise resolved
15 under this Order. The Commissioner reserves the right to bring any future actions against Norwalt for
16 any and all unknown violations of the Corporate Securities Law of 1968.

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

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

24 13. Binding. This Order is binding on all heirs, assigns, and/or successors in interest.

25 14. Reliance. Each of the parties represents, warrants, and agrees that in executing this
26 Order it has relied solely on the statements set forth herein and the advice of its own counsel. Each of
27 the parties further represents, warrants, and agrees that in executing this Order it has placed no
28 reliance on any statement, representation, or promise of any other party, or any other person or entity

1 not expressly set forth herein, or upon the failure of any party or any other person or entity to make
2 any statement, representation or disclosure of anything whatsoever. The parties have included this
3 clause: (1) to preclude any claim that any party was in any way fraudulently induced to execute this
4 Order; and (2) to preclude the introduction of parol evidence to vary, interpret, supplement, or
5 contradict the terms of this Order.

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

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

18 17. Governing Law. This Order will be governed by and construed in accordance with
19 California law. Each of the parties hereto consents to the jurisdiction of such court, and hereby
20 irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the
21 maintenance of such action or proceeding in such court.

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

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

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

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

8 To the Commissioner: Department of Financial Protection and Innovation
9 Attn: Alexander M. Calero
10 1455 Frazee Road, Suite 315
11 San Diego, California 92108
12 alex.calero@dbo.ca.gov

13 To Norwalt: Jesse E. Norwalt
14 14703 Reedley Street
15 Moorpark, California 93021

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

18 23. Public Record. Norwalt acknowledge that this Order is and will be a matter of public
19 record.

20 24. Effective Date. This Order shall become final and effective when signed by all parties
21 and delivered by the Commissioner’s agent via e-mail to thorwalt1@gmail.com.

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

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26. Independent Legal Advice. Norwalt represent, warrant, and agree that they received independent advice from their attorney(s) and/or representatives with respect to the advisability of executing this Order.

MANUEL P. ALVAREZ
Commissioner
Department of Financial Protection and Innovation

Dated: March 10 , 2021

By: _____
Mary Ann Smith
Deputy Commissioner

JESSE E. NORWALT,
doing busines as NORWALT CAPITAL

Dated: March 2, 2021

By: _____
Jesse E. Norwalt, individually
and doing business as Norwalt Capital