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Attorneys for Complainant

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

In the Matter of:)	CRD NO.: 135185
)	
THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION,)	Consent Order
)	
Complainant,)	
v.)	
)	
CARROLL & COMPANY CAPITAL MANAGEMENT,)	
)	
Respondent.)	

The Commissioner of Financial Protection and Innovation (Commissioner) and Carroll & Company Capital Management (Carroll & Company) (collectively, the Parties), enter into this Consent Order with respect to the following facts:

I.
Recitals

A. The Commissioner is authorized to administer and enforce the provisions of the

1 Corporate Securities Law of 1968 (Corp. Code, § 25000 et seq.) (CSL) and the regulations
2 promulgated thereunder at title 10 of the California Code of Regulations, which include the licensure,
3 examination, and regulation of investment advisers and broker-dealers.

4 B. Carroll & Company is a Texas Sole Proprietorship with its principal place of business
5 at 801 Travis Street, Suite 2100 C, Houston, Texas 77002.

6 C. On June 1, 1990, the Commissioner issued an investment adviser certificate to Carroll
7 & Company pursuant to Corporations Code section 25230, Central Registration Depository (CRD)
8 Number 135185.

9 D. Jonathon P. Carroll (CRD NO. 1594175) is the 100% owner and investment adviser
10 representative of Coast Wealth.

11 E. On June 30, 2022, the Commissioner instructed Carroll & Company to file an annual
12 amendment to its Form ADV in Investment Adviser Registration Depository (IARD) no later than 30
13 days after June 30, 2022, the date of the letter.

14 F. According to IARD, the investment adviser failed to timely file an annual updating
15 amendment to its Form ADV for Fiscal Year 2021. Pursuant to California Code of Regulations, title
16 10, section 260.241.4, subdivision (e), a licensed investment adviser shall file an annual updating
17 amendment, in accordance with the instructions in Form ADV, with IARD in accordance with its
18 procedures for transmission to the Commissioner within ninety (90) days of the end of the investment
19 adviser's fiscal year.

20 G. As a result of the foregoing, on or about September 13, 2022, the Commissioner issued
21 an Order to Discontinue Violation against Carrol & Company pursuant to Corporations Code section
22 25249 for violations of Corporations Code section 25241 and California Code of Regulations, title
23 10, section 260.241.4, subdivision (e).

24 H. On or about September 25, 2022, Carroll & Company submitted its 2021 annual
25 updating amendment to Form ADV, with IARD.

26 I. Carroll & Company admits to the jurisdiction of the Department of Financial
27 Protection and Innovation (Department) and it is the intention of the Parties to resolve this matter
28 without the necessity of a hearing and/or other litigation.

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

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

6 **II.**
7 **Terms**

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

12 2. Rescission Order: The Order to Discontinue Violation issued against Carroll & Company
13 on September 13, 2022, pursuant to Corporations Code section 25249 is hereby rescinded. The
14 Parties agree that the Rescission Order shall resolve the outstanding Order to Discontinue Violation.

15 3. Penalties: Pursuant to Corporations Code section 25252, Carroll & Company is hereby
16 ordered and agrees to pay \$500.00 in penalties to the Commissioner within 30 days of the Effective
17 Date of this Consent Order. The penalty must be made payable in the form of a cashier's check or
18 Automated Clearing House deposit to the Department of Financial Protection and Innovation and
19 transmitted to the attention of Accounting – Litigation, at the Department of Financial Protection and
20 Innovation, 2101 Arena Boulevard, Sacramento, California 95834. Notice of the payment must be
21 concurrently sent to Taylor Herrlinger at Taylor.Herrlinger@dfpi.ca.gov.

22 4. Filings: Carroll & Company understands and agrees that the Commissioner will file a
23 Form U6 on IARD that describes the terms of this Consent Order and identify this as a regulatory
24 action.

25 5. Waiver of Hearing Rights: Carroll & Company acknowledges that the Commissioner is
26 ready, willing, and able to proceed with an administrative enforcement action on the charges
27 contained in this Consent Order. Carroll & Company hereby waives the right to any hearings, and to
28 any reconsideration, appeal, or other right to review which may be afforded pursuant to the CSL, the

1 California Administrative Procedure Act, the California Code of Civil Procedure, or any other
2 provision of law. Carroll & Company further expressly waive any requirement for the filing of an
3 Accusation pursuant to Government Code section 11415.60, subdivision (b). By waiving such rights,
4 Carroll & Company effectively consents to this Consent Order and Rescission Order becoming final.

5 6. Failure to Comply with Consent Order: Carroll & Company agree that if it fails to meet
6 any requirement of this Consent Order, the Commissioner may, in addition to all other remedies
7 available that she may invoke under the CSL, immediately suspend or revoke the license of Carroll &
8 Company. Carroll & Company hereby waives any notice and hearing rights to contest the immediate
9 suspension or revocation which may be afforded under the CSL, the California Administrative
10 Procedure Act, the California Code of Civil Procedure, or any other provision of law in connection
11 therewith.

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

16 8. Future Actions by the Commissioner: If Carroll & Company fails to comply with any
17 terms of this Consent Order, the Commissioner may institute proceedings for any and all violations
18 otherwise resolved under this Consent Order. The Commissioner reserves the right to bring any future
19 actions against Carroll & Company, or any of its partners, owners, officers, shareholders, directors,
20 affiliates, employees, or successors for any and all violations of the CSL not addressed herein.

21 9. Assisting Other Agencies: Nothing in this Consent Order limits the Commissioner's
22 ability to assist any other government agency (whether city, county, state, or federal) with any
23 administrative, civil, or criminal action brought by that agency against Carroll & Company or any
24 other person based upon the activities described herein or otherwise.

25 10. Headings: The headings to the paragraphs of this Consent Order are inserted for
26 convenience only and will not be deemed a part hereof or affect the construction or interpretation of
27 the provisions herein.

28 11. Binding: This Consent Order is binding on all heirs, assigns, and/or successors in interest.

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

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

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

22 15. Governing Law: This Consent Order will be governed by and construed in accordance
23 with California law. Each of the Parties hereto consents to the jurisdiction of such court, and hereby
24 irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the
25 maintenance of such action or proceeding in such court.

26 16. Counterparts: This Consent Order may be executed in one or more separate counterparts,
27 each of which when so executed, shall be deemed an original. Such counterparts shall together
28 constitute a single document.

1 17. Effect Upon Future Proceedings: If Carroll & Company applies for any license, permit or
2 qualification under the Commissioner's current or future jurisdiction, or are the subject of any future
3 action by the Commissioner to enforce this Consent Order, then the subject matter hereof shall be
4 admitted for the purpose of such application(s) or enforcement proceedings(s).

5 18. Voluntary Agreement: Carroll & Company enters into this Consent Order voluntarily and
6 without coercion and acknowledges that no promises, threats, or assurances have been made by the
7 Commissioner or any officer, or agent thereof, about this Consent Order. The Parties each represent
8 and acknowledge that he, she, or it is executing this Consent Order completely voluntarily and
9 without any duress or undue influence of any kind from any source.

10 19. Independent Legal Advice: Each of the Parties represents, warrants, and agrees that it has
11 has had the opportunity to seek independent legal advice from its attorneys with respect to the
12 advisability of executing this Consent Order.

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

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

22 To Carroll & Company Capital Management

23 Gina Carroll
24 801 Travis Street, Suite 2100 C
25 Houston, Texas 77002
26 Ginacarroll21@gmail.com

27 To the Commissioner:

28 Taylor Herrlinger
 Department of Financial Protection and Innovation

Enforcement Division
2101 Arena Boulevard
Sacramento, California 95834
Taylor.Herrlinger@dfpi.ca.gov

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

23. Public Record: Carroll & Company hereby acknowledge that this Consent Order will be a matter of public record.

24. Effective Date: This Consent Order shall become final and effective when signed by all Parties and delivered by the Commissioner's agent by email to Carroll & Company at ginacarroll21@gmail.com.

25. Authority to Sign: Each signator 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: October 7, 2022

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation



By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division

Dated: October 7, 2022

By _____
JONATHON P. CARROLL
Investment Adviser Representative
Carroll & Company Capital Management