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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.: 151504, 5274077, 4966365
13
14 CONSENT ORDER

13 THE COMMISSIONER OF FINANCIAL
14 PROTECTION AND INNOVATION,

15 Complainant,

16 v.

16 OMNIA CAPITAL MANAGEMENT, INC., a
17 california corporation, ALAN KNOBLOCH,
18 an individual, and CORY READER, an
individual,

19 Respondents.
20

21 The Commissioner of Financial Protection and Innovation (Commissioner) and Omnia
22 Capital Management, Inc., Alan Knobloch, and Cory Reader (collectively, the Respondents), enter
23 into this Consent Order (Consent Order) with respect to the following facts:

24 **I.**

25 **RECITALS**

26 A. The Commissioner is authorized to administer and enforce the provisions of the Corporate
27 Securities Law of 1968 (Corp. Code, § 25000-25707) (CSL) and the regulations promulgated
28 thereunder at title 10 of the California Code of Regulations, which include the licensure, examination,

1 and regulation of investment advisers and broker-dealers.

2 B. At all relevant times, Omnia Capital Management, Inc. (OCM), is and was a California
3 corporation, doing business at 300 N. Broadway, Blythe, California 92225.

4 C. On November 6, 2009, the Commissioner issued an Investment Adviser certificate to OCM
5 pursuant to Corporations Code section 25230, Central Registration Depository (CRD) Number
6 151504.

7 D. At all relevant times, Alan Knobloch (CRD NO. 5274077) (Knobloch) is and was the 100%
8 owner, President, and Chief Compliance Officer of OCM.

9 E. At all relevant times, Cory Reader (CRD NO. 4966365) (Reader) is and was the Chief
10 Investment Officer and an investment adviser representative of OCM.

11 F. On or about March 2022, the Commissioner conducted an examination of OCM (Examination).
12 During the Examination, the Commissioner found that OCM made material misrepresentations and
13 omissions to current and prospective clients related to OCM's "All-Weather Fund" and "Aggressive"
14 portfolios, in violation of Corporations Code section 25238 and California Code of Regulations
15 260.238(h) and 260.238(o).

16 G. OCM also failed to provide the required disclosures to current and prospective clients
17 regarding specific securities, OCM's investment strategies, OCM's fund models, and the risks
18 associated with the securities, strategies, and fund models, in violation of Corporations Code section
19 25238 and California Code of Regulations 260.238(o).

20 H. OCM, Knobloch, and Reader admit to the jurisdiction of the Department of Financial
21 Protection and Innovation (Department) and it is the intention of the Parties to resolve this matter
22 without the necessity of a hearing and/or other litigation.

23 I. OCM, by entering into this Consent Order, neither admits nor denies that he has violated any
24 California law or regulation. Knobloch, by entering into this Consent Order, neither admits nor denies
25 that he has violated any California law or regulation. Reader, by entering into this Consent Order,
26 neither admits nor denies that he has violated any California law or regulation.

27 J. The Commissioner finds this action is appropriate, in the public interest, is necessary for the
28 protection of investors, and is consistent with the purposes fairly intended by the policies and

1 procedures of the CSL.

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

4 **II.**

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, protects
8 consumers, is in the public interest, and is consistent with the purposes and provisions of the CSL.

9 2. **Final Desist and Refrain Order:** Pursuant to Corporations Code section 25532, Omnia
10 Capital Management, Inc., Alan Knobloch, and Cory Reader are hereby ordered to desist and refrain
11 from violating Corporations Code section 25238 and California Code of Regulations 260.238(h) and
12 260.238(o).

13 3. **License Revocation:** Pursuant to Corporations Code section 25232, the Commissioner
14 hereby orders the investment adviser certificate of OCM (CRD No. 151504) be revoked within 30
15 calendar days of the Effective Date of this Consent Order if no withdrawal of OCM's license has
16 been accepted by the Department by that time (Revocation Order). OCM and Knobloch agree to this
17 revocation order and stipulate to the finality of this Revocation Order.

18 4. **Suspension Order(Knobloch):** Pursuant to Corporations Code section 25232.1, the
19 Commissioner hereby orders that Knobloch (CRD No. 5274077) be suspended from any position of
20 employment, management, or control of any investment adviser, broker-dealer, or commodity
21 adviser, any officer, director, partner, employee of, or person performing similar functions for, an
22 investment adviser, or any other person for a period of 12 months, commencing on the Effective Date
23 of this Consent Order.

24 5. **Suspension Order(Reader):** Pursuant to Corporations Code section 25232.1, the
25 Commissioner hereby orders that Reader (CRD No. 4966365) be suspended from any position of
26 employment, management, or control of any investment adviser, broker-dealer, or commodity
27 adviser, any officer, director, partner, employee of, or person performing similar functions for, an
28 investment adviser, or any other person for a period of 12 months, commencing on the Effective Date

1 of this Consent Order.

2 6. Dismissal of Statement in Support of Order Levying Administrative Penalties: Except
3 as otherwise provided herein, the Parties acknowledge that this Consent Order shall have the effect of
4 dismissing the Statement in Support of Order Levying Administrative Penalties and Notice of
5 Intention to Issue Order Levying Administrative Penalties cited above. The dismissal shall become
6 effective on the Effective Date of this Consent Order.

7 3. Filings: Knobloch, Reader, and OCM understand and agree that the Commissioner
8 will file a Form U6 on Investment Adviser Registration Depository (IARD) that will describe the
9 terms of this Consent Order and identify it as a regulatory action.

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

19 5. Failure to Comply with Consent Order: Knobloch, Reader, and OCM agree that if
20 they fail to meet any requirement of this Consent Order, the Commissioner may, in addition to all
21 other available remedies he may invoke under the CSL, immediately bar and revoke the license of
22 Knobloch, Reader, and OCM. Knobloch, Reader, and OCM hereby waive any notice and hearing
23 rights to contest the immediate revocation and bar which may be afforded under the CSL, the
24 California Administrative Procedure Act, the California Code of Civil Procedure, or any other
25 provision of law in connection therewith.

26 6. Information Willfully Withheld or Misrepresented: This Consent Order may be
27 revoked and the Commissioner may pursue any and all remedies available under law against
28 Knobloch, Reader, and OCM if the Commissioner discovers that Knobloch, Reader, and OCM

1 knowingly or willfully withheld or misrepresented information used for and relied upon in this
2 Consent Order.

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

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

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

16 10. Binding: This Consent Order is binding on all heirs, assigns, and/or successors in
17 interest.

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

27 12. Waiver, Amendments, and Modification: No waiver, amendment, or modification of
28 this Consent Order will be valid or binding unless it is in writing and signed by each of the Parties.

1 The waiver of any provision of this Consent Order will not be deemed a waiver of any other
2 provision. No waiver by either Party of any breach of, or of compliance with, any condition or
3 provision of this Consent Order by the other Party will be considered a waiver of any other condition
4 or provision or of the same condition or provision at another time.

5 13. Full Integration: This Consent Order is the final written expression and the complete
6 and exclusive statement of all the agreements, conditions, promises, representations, and covenant
7 between the Parties with respect to the subject matter hereof, and supersedes all prior or
8 contemporaneous agreements, negotiations, representations, understandings, and discussions between
9 and among the Parties, their respective representatives, and any other person or entity, with respect to
10 the subject matter covered hereby.

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

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

18 16. Effect Upon Future Proceedings: If Knobloch, Reader, and OCM apply for any
19 license, permit or qualification under the Commissioner's current or future jurisdiction, or are the
20 subject of any future action by the Commissioner to enforce this Consent Order, then the subject
21 matter hereof shall be admitted for the purpose of such application(s) or enforcement proceedings(s).

22 17. Voluntary Agreement: Knobloch, Reader, and OCM enter into this Consent Order
23 voluntarily and without coercion and acknowledges that no promises, threats, or assurances have been
24 made by the Commissioner or any officer, or agent thereof, about this Consent Order. The Parties
25 each represent and acknowledge that he, she, or it is executing this Consent Order completely
26 voluntarily and without any duress or undue influence of any kind from any source.

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

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

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

13 To Respondents: Omnia Capital Management, Inc.:
14 Alan Knobloch
15 300 N. Broadway
16 Blythe, California 92225
17 aknobloch@omniacm.com

18 Cory Reader
19 300 N. Broadway
20 Blythe, California 92225
21 creader@omniacm.com

22 To the Commissioner: Ryan M. Cassidy, Counsel
23 Department of Financial Protection and Innovation
24 2101 Arena Boulevard
25 Sacramento, California 95834
26 Ryan.Cassidy@dfpi.ca.gov

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

29 22. Public Record: Knobloch, Reader, and OCM hereby acknowledge that this Consent
30 Order will be a matter of public record.

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1 23. Effective Date: This Consent Order shall become final and effective when signed by
2 all Parties and delivered by the Commissioner’s counsel by email to Knobloch, Reader, and OCM at
3 aknobloch@omniacm.com and creader@omniacm.com.

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

7 Dated: June 15, 2023

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation



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9 By _____
10 MARY ANN SMITH
11 Deputy Commissioner
12 Enforcement Division

13
14 Dated: June 14, 2023

By _____
15 ALAN KNOBLOCH
16 President, CCO, CEO
17 As an individual and on behalf of
18 Omnia Capital Management, Inc.

19
20 Dated: June 13, 2023

By _____
21 CORY READER
22 CIO, Investment Adviser Representative
23 As an individual
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