

BEFORE THE SECURITIES COMMISSIONER
STATE OF COLORADO

Case No. 2024-CDS-034

CONSENT ORDER

IN THE MATTER OF GLOBAL WEALTH, LLC AND JAMES PALUMBO,

Respondents.

THIS MATTER is before Tung Chan, Securities Commissioner for the State of Colorado (“Commissioner”), on the Stipulation for Consent Order (“Stipulation”) between the Staff of the Colorado Division of Securities (the division, “Division” and the staff, “Staff”) and Global Wealth, LLC (IARD# 321775) and James G. Palumbo (CRD# 2623916) (collectively, “Respondents”). After reviewing the Stipulation and grounds therein, the Commissioner makes the following Findings and enters the order as follows:

FINDINGS

1. The Commissioner has jurisdiction over the Respondents and this matter pursuant to the provisions of the Colorado Securities Act, §§ 11-51-101 through 803, C.R.S.
2. By entering into the Stipulation, Respondents waive the following rights: (1) to have a formal hearing pursuant to §§ 11-51-606(1), 24-4-104 and 24-4-105, C.R.S.; (2) to be represented by counsel in that action; (3) to present a defense through oral or documentary evidence; (4) to cross-examine witnesses at such hearing; and (5) to seek judicial review of the Consent Order as provided in §§ 11-51-607 and 24-4-106, C.R.S.
3. Respondents further waive the findings required by § 11-51-410(1), C.R.S. and do not contest that pursuant to § 11-51-704(2), C.R.S., entry of this Consent Order is necessary and appropriate in the public interest and is consistent with the purposes of the Colorado Securities Act.

ORDER

NOW, THEREFORE, based on the foregoing, it is ORDERED as follows:

1. The terms of the attached Stipulation are incorporated and made a part of this Consent Order.

2. Respondents shall comply with all agreements, undertakings, and directives contained in the Stipulation, to the extent any such agreements, undertakings, or directives remain unsatisfied on the date of this Consent Order.
3. Respondents Global Wealth, LLC and James Gerard Palumbo hereby have a restriction placed on their license pursuant to § 11-51-410(1), C.R.S.
4. Respondents Global Wealth, LLC and James Palumbo shall retain a compliance consultant, approved by the Division, within thirty (30) days from the entry of the Consent Order to ensure compliance with the November 19, 2024, deficiency letter, timely file and update disclosure documents, and review and develop all required policies and procedures to ensure compliance with the Colorado Securities Act and rules thereunder. The compliance consultant shall be retained for a period of two (2) years. Full refunds shall be issued to clients that were overcharged.
5. The Commissioner shall retain jurisdiction over this action to ensure Respondents' compliance with this Consent Order and reserves the power to enter additional orders as needed to ensure the compliance by the Respondents with this Consent Order.
6. In the event Respondents fail to comply with any of the terms or conditions for this Consent Order or the Stipulation, the Commissioner or the Staff, in their sole discretion, may initiate formal enforcement proceedings against Respondents for such noncompliance.
7. This Consent Order, and the terms and conditions herein, shall be binding on all successors and assigns.

DATE: December 3, 2024



Tung Chan
Securities Commissioner

BEFORE the SECURITIES COMMISSIONER
STATE OF COLORADO

Case No. 2024-CDS-034

STIPULATION FOR CONSENT ORDER

IN THE MATTER OF GLOBAL WEALTH, LLC AND JAMES G. PALUMBO,
Respondents.

The Staff of the Colorado Division of Securities (the staff, “Staff” and the division, the “Division”) and Respondents Global Wealth, LLC and James Gerard Palumbo, (collectively, “Respondents”), hereby enter into this Stipulation for Consent Order (the “Stipulation”) in this matter as follows:

I. Background

1. The Staff conducted an examination of Respondents pursuant to § 11-51-409, C.R.S.
2. As a result of its examination, the Staff alleges that Respondents engaged in the following conduct:
 - a. Global Wealth, LLC (IARD# 321775) (the “Firm”) is a Colorado LLC with its principal place of business located at 1755 Telstar Drive, 3rd Floor, #300, Colorado Springs, CO 80920.
 - b. Global Wealth, LLC has been licensed in Colorado as an investment adviser since September 30th, 2022.
 - c. James Gerard Palumbo (“Palumbo”) (CRD# 2623916) has been licensed in Colorado as an investment adviser representative with Global Wealth, LLC since 2022 and is currently the managing member and chief compliance officer of Global Wealth, LLC.
 - d. Respondents contracted with clients to provide investment advisory services, which included managing client accounts that were held at a designated custodian. The Firm manages approximately \$16 million on a discretionary basis for 114 accounts.
 - e. The Firm’s advisory contract stated fees are charged based on total assets under management on a tiered basis where asset values above a certain level are charged a lower fee than smaller

asset values. Fees are paid in arrears using the value of the account as of the last business day of the billing period.

- f. The Respondents charged an advisory fee of up to 2.5% of assets under management for accounts under \$100,000, which is substantially higher than the industry standard. Respondents were unable to demonstrate how the Firm's advisory services, experience of the adviser, or the sophistication and bargaining power of the clients warranted a fee higher than the industry standard. The Firm did not disclose that lower fees for comparable services may be available from other sources. Rule 51-4.8(IA)(J) requires investment advisers to charge clients a reasonable fee.
- g. When calculating client fees, Respondents used third-party software to assist with the fee calculations. Account values from the custodian were imported into the software. For an unknown reason, the software based its calculations on inaccurate values that differed significantly from the values in clients' accounts.
- h. Additionally, the software failed to aggregate account values for clients with multiple accounts, which resulted in clients being charged a higher tier percentage fee for some of the accounts than stated in the advisory contract.
- i. Respondents did not have written policies and procedures, or take any action, to verify that the software's fee calculations were accurate before deducting the fees from clients' accounts. Respondents failed to supervise the activities of the Firm by failing to review advisory fees, and establishing and enforcing a procedure to do so, before charging clients in violation of Rule 51-4.12(IA)A.2.
- j. Respondents failed to invoice clients in violation of Rule 51-4.10(IA)(B)(2). This rule requires an invoice be sent to clients each time a fee is charged directly to a client or directly deducted from a client account. The invoice must be itemized by (1) stating the formula used to calculate the fee, (2) the amount of assets under management the fee is based on, and (3) the time period covered by the fee.
- k. As part of the examination, the Division reviewed six (6) client households and identified an overcharge of over \$11,000 for twelve (12) months of fee billing. The Firm often charged a higher fee percentage than what was stated in the contract which resulted in higher fees being charged to clients. Additionally, the Firm failed to aggregate account values for all client households, which resulted in certain accounts being charged a higher

percentage fee for each household. Respondents overcharging fees violates Rule 51-4.8(IA)(J).

Based on this alleged conduct, Staff determined that Respondents have violated or failed to comply with provisions of the Colorado Securities Act and rules thereunder and pursuant to § 11-51-410(1)(b), C.R.S., the following licensing conditions are warranted.

II. Stipulation

The Staff and Respondents, in order to resolve this matter without a formal hearing, hereby enter into this Stipulation for Consent Order in this matter and Respondents hereby stipulate as follows:


1. The Securities Commissioner for the State of Colorado has jurisdiction over the Respondents and the subject matter of this action.
2. Respondents agree to the entry of a Consent Order in the form attached (the “Consent Order”) and incorporated by reference.
3. Respondents agree to the following:
 - a. Respondents agree to fully comply with all action-requested items in the Division deficiency letter issued November 19, 2024, and respond to the Division in writing of all corrective actions taken to correct the deficiencies within sixty (60) days from the entry of the Consent Order. The compliance consultant retained pursuant to paragraph 3.c below shall review and sign the response attesting to its accuracy.
 - b. Respondents agree to document and maintain a record that demonstrates how each clients’ advisory fees are reasonable and comply with Rule 51-4.8(IA)(J).
 - c. Respondents shall retain a compliance consultant, approved by the Division, within thirty (30) days from the entry of the Consent Order for a period of two (2) years. The consultant shall ensure compliance with the November 19, 2024 deficiency letter and review and develop all required policies and procedures to ensure compliance with the Colorado Securities Act and rules thereunder. Additionally, the consultant shall review all client fees charged since September 30, 2022, to verify accuracy and ensure that all clients that were overcharged receive a full refund within ninety (90) days from the entry of the Consent Order. The consultant shall promptly submit to the Division evidence of the fee review calculations and refund payments made to clients.

- d. In the event that the compliance services agreement is terminated for any reason during the supervision period, Respondents shall notify the Division in writing within five (5) days of the termination. Respondents shall enter into another agreement within fifteen (15) days of the termination with a replacement compliance service agreement which provides similar supervisory functions as the original compliance service agreement, subject to review and acceptance of the Division.
 - e. Respondents shall supervise the compliance consultant during the engagement to verify that all required tasks have been completed by the consultant and that the Firm is in compliance with this Stipulation and Consent Order.
 - f. In the event Respondents fail to comply with any of the terms or conditions for this Consent Order or the Stipulation, the Commissioner or the Staff, in their sole discretion, may initiate formal enforcement proceedings against Respondents for such noncompliance.
 - g. Respondents shall submit all communications to the Division by email at DORA_SecuritiesWebsite@state.co.us (Attn: Chief Examiner) and retain documentation of all communications with and documents submitted to the Division.
4. Respondents understand that they have the following rights: (1) to have a formal hearing pursuant to § 11-51-606(1), C.R.S.; (2) to be represented by counsel in that action; (3) to present a defense through oral or documentary evidence; (4) to cross-examine witnesses at such hearing; and (5) to seek judicial review of the Consent Order as provided in §§ 11-51-607 and 24-4-106, C.R.S. By entering into this Stipulation, Respondents expressly waive the rights set forth in this paragraph.
 5. Respondents acknowledge that they have entered into this Stipulation voluntarily, after the opportunity to consult with counsel, and with the understanding of the legal consequences of this Stipulation and Consent Order.
 6. Respondents hereby waive the findings required by § 11-51-410(1), C.R.S.; and pursuant to § 11-51-704(2), C.R.S., Respondents do not contest that the entry of a Consent Order is necessary and appropriate in the public interest and is consistent with the purposes and provisions of the Colorado Securities Act.

7. Respondents agree that the entry of this Consent Order is a disciplinary event that is material to a client's or prospective client's evaluation of their advisory business or the integrity of its management and must disclose the event in appropriate filings and disclosure documents.
8. By consenting to the entry of the Consent Order, Respondents agree not to take any action or to make, or permit to be made, any public statement denying, directly or indirectly, any Finding or Conclusion in the Consent Order or creating the impression that said Consent Order lacks a factual basis.
9. Respondents further acknowledge that any violation of the Consent Order, when issued, may constitute grounds for further sanctions and formal proceedings against them for such violations.
10. This Stipulation is subject to approval by the Securities Commissioner and shall become binding upon the parties hereto upon such approval.

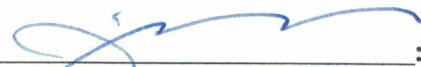
BY RESPONDENTS:

James Gerard Palumbo:



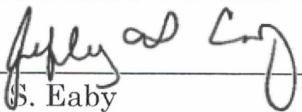
Individually

Global Wealth, LLC:

BY 

James Gerard Palumbo, Owner

BY THE STAFF OF THE DIVISION OF SECURITIES:



Jeffrey S. Eaby
Deputy Commissioner

December 3, 2024
Date