UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 91993 / May 25, 2021

INVESTMENT ADVISERS ACT OF 1940
Release No. 5738 / May 25, 2021

ADMINISTRATIVE PROCEEDING
File No. 3-20331

In the Matter of **ROY Y. GAGAZA,** **Respondent.**	**ANSWER TO THE ORDER INSTITUTING ADMINISTRATIVEPROCEEDINGS PURSUANT TO SECTION15(b) OF THE SECURITIES EXCHANGE ACT OF 1934 AND SECTION 203(f) OF THEINVESTMENT ADVISERS ACT OF 1940 AND NOTICE OF HEARING**

ANSWER TO OIP SECTION II[1]

II.

After an investigation, the Division of Enforcement alleges that:

A. RESPONDENT

1. From March 2017 through June 2018, Respondent was the owner of JourneyWealth Management Advisors, LLC, a California company registered as an investment adviser inCalifornia and Hawaii, and with which Gagaza was affiliated as an investment adviser representative during the relevant time period. During that period, Gagaza acted as an unregistered broker or dealer by selling the securities of 1 Global Capital LLC, but he was not registered as a broker-dealer or associated with a registered broker-dealer. Respondent, 55 years old, is a resident of Manteca, California.

RESPONSE: Respondent admits the allegations of this paragraph, except as to the allegations that

[1] Respondent has answered Section II of the OIP, the only section in which allegations are made. To the extent the ALJ deems appropriate, we reserve the right to amend and address the other Sections as needed.

OS Received 06/14/2021

he acted as an unregistered broker or dealer by selling the securities of 1 Global Capital. In this regard, Respondent admits that he Consented to Entry of Final Judgment in the matter of Securities and Exchange Commission v. Roy Gagaza, No. 21-cv- 61030-RKA (S.D. Fla.), in which a Complaint (the Complaint) was filed to which he neither admitted nor denied this same allegation.

B. ENTRY OF THE INJUNCTION

> 2. On May 18, 2021, a final judgment was entered by consent against Gagaza, permanently enjoining him from future violations of Sections 5(a), and 5(c) of the Securities Act of1933 ("Securities Act") and Section 15(a)(1) of the Securities Exchange Act of 1934 ("ExchangeAct"), in the civil action entitled Securities and Exchange Commission v. Roy Gagaza, No. 21-cv- 61030-RKA (S.D. Fla.).

RESPONSE: Respondent admits the allegations of this paragraph.

> 3. The Commission's complaint alleged that, from no later than March 2017 until June 2018, Gagaza offered and sold the securities of 1 Global, a merchant cash advance company based in Hallandale Beach, Florida, in unregistered transactions. The complaint alleged Gagaza offered and sold 1 Global's securities to his advisory clients and other individuals via various means, including emails, telephone calls, dinner seminars, and in-person meetings, while not registered as a broker-dealer or associated with a registered broker-dealer.

RESPONSE: Respondent admits the allegations of this paragraph to the extent that they purport to summarize the allegations of the Complaint, which is incorporated by reference and controls over any inconsistent allegation to the contrary, while denying the allegation regarding the duration of Respondent's offer and sale of 1 Global securities as beginning in March 2017 as inconsistent with paragraph 1 of the Complaint.

> 4. The complaint further alleged that Gagaza communicated with 1 Global about how to characterize and convey the features of the 1 Global investment, including the supposed safety and security of the investment. It further alleged that to offer and sell 1 Global's securities, Gagaza used 1 Global marketing materials that claimed investors could achieve double-digit returns. For his sales efforts, Gagaza earned more than $403,000 in transaction-based compensation from 1 Global.

RESPONSE: Respondent admits the allegations of this paragraph to the extent that they purport to summarize the allegations of the Complaint, which is incorporated by reference and controls over any inconsistent allegations to the contrary, while denying the allegations of this paragraph that tend to suggest that the Complaint alleged Respondent communicated exclusively with 1 Global about how to characterize and convey the features of the 1 Global investment as inconsistent with paragraph 22 of the Complaint, and denying the allegations that purport to summarize 1 Global marketing materials used by Gagaza referencing "double-digit returns" as inconsistent with paragraphs 2, 24, and 25 of the Complaint.

DEFENSES

While it is the Division of Enforcement's burden of proof to establish that any further relief is in the public interest pursuant to Section 15(b) of the Exchange Act or Section 203(f) of the Advisers Act, which burden Respondent does not assume hereby, Respondent states the following:

1. By Entry of the Final Judgment in the civil action entitled Securities and Exchange Commission v. Roy Gagaza, No. 21-cv- 61030-RKA (S.D. Fla.), Respondent has already agreed to a permanent injunction, disgorgement and prejudgment interest thereon in addition to civil penalty.
2. In combination with Respondent's conduct as alleged in the Complaint to which Respondent neither admitted nor denied in entering into the Final Judgment, and additional facts developed in the Division of Enforcement's investigation of this matter, collectively the Division of Enforcement cannot demonstrate it is in the public interest to impose additional remedial action against Respondent.
3. The Division of Enforcement cannot demonstrate it is in the public interest to impose

additional remedial action against Respondent, including because:

a. The violations alleged in the Complaint do not involve intent or recklessness on Mr. Gagaza's part;

b. Mr. Gagaza has no prior disciplinary history;

c. Mr. Gagaza's remedial efforts are not indicative of a likelihood that he will engage in future misconduct;

d. Mr. Gagaza's conduct was not egregious.

e. Other considerations, including for example, Respondent's good faith efforts at due diligence including relying on the opinion letter of 1 GC's outside counsel regarding that the 1Global notes were not securities; as well as Respondent's efforts in real time during the life of the notes to mitigate by recommending to his clients that they treat the notes as 9 month instruments, which he instructed his clients not to renew, and none did except a few who did so over his recommendation, which actions avoided millions in losses when 1 Global declared bankruptcy.

Dated: June 14, 2021

Respectfully submitted,

/s/ David W. Porteous

By: David W. Porteous

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