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

10 In the Matter of:

11 THE COMMISSIONER OF FINANCIAL
12 PROTECTION AND INNOVATION,

13 Complainant,

14 v.

15 WEST COAST SETTLEMENTS LLC and
16 BENJAMIN PEARSEY,

17 Respondents.

DESIST AND REFRAIN ORDER

AND

NOTICE OF INTENT TO ISSUE ORDER
LEVYING ADMINISTRATIVE PENALTIES

(Cal. Corp. Code §§ 25252 and 25532)

18 The Commissioner of Financial Protection and Innovation (Commissioner) alleges and charges
19 as follows:

20 **I.**

21 **INTRODUCTION**

22 1. The Commissioner brings this action pursuant to the provisions of the Corporate
23 Securities Law of 1968 (CSL)¹, which covers the offer and sale of securities. Under Financial Code
24 section 326(a), the Commissioner is authorized to administer and enforce the provisions of the CSL
25 and the regulations promulgated thereunder.

26 2. The Commissioner brings this action seeking the following: (1) desist and refrain order;
27 and (2) order levying administrative penalties.

28 ¹ See Cal. Corp. Code §§ 25000-25707. Unless stated otherwise, all section references are to the California Corporations Code.

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II.

STATEMENT OF FACTS

3. At all relevant times herein, West Coast Settlements LLC (The Fund), is and was a California limited liability company located at 17011 Beach Blvd., Suite 900, Huntington Beach, California 92647.

4. Between July 2019 through March 2024, John Muratore (Muratore) was the managing member of the Fund.

5. On December 19, 2023, the Commissioner issued a Desist and Refrain Order against John Muratore and West Coast Settlements LLC for the offer and sale of unqualified, non-exempt securities (2023 Desist and Refrain Order). The matter was settled on August 12, 2024, which resulted in a final desist and refrain order against The Fund and Muratore for violations of section 25110 and 25230, and an order barring Muratore from any position of employment, management, or control of any investment adviser, broker-dealer, or commodity adviser.

6. Beginning in or about March 2024, Benjamin Pearsey (Pearsey) succeeded Muratore as the manager of the Fund.

7. The Fund and Pearsey are collectively referred to as Respondents.

8. The Fund’s Private Placement Memorandum (PPM) indicates that the Fund would use the proceeds of its offering to acquire a life settlement portfolio of up to 30 individual life settlement contracts. And any such contracts acquired would be owned by “the Company.” The investors would not have direct ownership.

9. The PPM also indicated that if the Fund’s “premium reserve account” was exhausted, i.e., if the insured person that entered the life settlement contract lived longer than estimated, it would make an “Additional Funding Request.”

10. If an investor failed to make such additional capital contributions when requested, then he would be treated as making a non-recourse loan, with an interest rate of 10% per year, to the other members who did contribute. Upon payment of death benefits, the company would first distribute funds to pay these “loans” first with interest, before making distributions to the non-contributing members.

1 11. Pursuant to section 25403, any person who controls or induces another person to
2 violate a provision of the CSL, or any person who provides substantial assistance to another person in
3 violation of the CSL, shall be liable for the violations.

4 **A. Violations of Section 25110 (Unqualified, Non-Exempt Offer and Sale of Securities)**

5 12. The Commissioner finds that such an “Additional Funding Request,” as it would
6 change the rights, preferences, privileges, and/or restrictions of or on outstanding securities,
7 constitutes a “sale” of securities under Corporations Code section 25017.

8 13. Beginning in or about March 2024, after Pearsey took over, Respondents sent an email
9 to investors informing them it was making such an “Additional Funding Request.” This email then
10 constituted an offer to sell securities.

11 14. Respondents sent this email to at least 77 investors, residing in California and elsewhere.

12 15. Section 25110 prohibits the offer or sale of unqualified, non-exempt securities in issuer
13 transactions in the State of California. The securities offered and sold by Respondents are subject to
14 qualification under the CSL. These securities were offered or sold in this state in issuer transactions.
15 The Department has not issued a permit or other form of qualification authorizing any person to offer
16 or sell these securities in this state. The offer or sale of these securities is not exempt.

17 **B. Violations of section 25401 (Misrepresentations and Omissions of Material Facts)**

18 16. In connection with the offer and sale of these securities, Respondents failed to disclose
19 material facts to investors and potential investors, including the 2023 Desist and Refrain Order issued
20 against West Coast Settlements LLC.

21 17. Section 25401 prohibits the offer or sale of securities in this state by means of written
22 or oral communications that include untrue statements of material fact or omit materials facts
23 necessary in order to make the statements made, in light of the circumstances under which they were
24 made, not misleading. The omissions and misrepresentations of Respondents are material facts
25 necessary in order to make the statements made, in the light of the circumstances under which they
26 were made, not misleading.

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III.

DESIST AND REFRAIN ORDER

18. Based on the foregoing findings, the Commissioner is of the opinion that membership interests in The Fund, offered and sold by West Coast Settlements LLC and Benjamin Pearsey, are securities subject to qualification under the CSL and are being or have been offered or sold without first being qualified, in violation of section 25110.

19. Pursuant to section 25532, West Coast Settlements LLC and Benjamin Pearsey are hereby ordered to desist and refrain from the further offer and sale in the State of California of securities, including but not limited to membership interests in a limited liability company, unless and until qualification has been made under the law, or unless exempt.

20. Further, the Commissioner is of the opinion that West Coast Settlements LLC and Benjamin Pearsey offered and sold in this state by means of written or oral communications which included untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading, in violation of section 25401.

21. Pursuant to section 25532, West Coast Settlements LLC and Benjamin Pearsey are hereby ordered to desist and refrain from offering or selling or buying or offering to buy any security in the State of California, including but not limited to membership interests in a limited liability company, by means of any written or oral communication which includes an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

IV.

NOTICE OF INTENT TO ISSUE ORDER LEVYING ADMINISTRATIVE PENALTIES

22. NOTICE IS HEREBY GIVEN, pursuant to Corporations Code section 25233, of the intention of the Commissioner to issue an order levying administrative penalties against Benjamin Pearsey for the statutory amount of not more than one thousand dollars (\$1,000.00) for the first violation, and not more than two thousand five hundred dollars (\$2,500.00) for each subsequent violation, or according to proof, for Pearsey's willful violations of the CSL.

1 23. The Commissioner re-alleges and incorporates by reference paragraphs 1 to 17, as
2 though fully set forth herein.

3 24. Section 25252 authorizes the Commissioner to issue an order levying administrative
4 penalties against any person for willful violations of any provision of CSL and any rules promulgated
5 thereunder.

6 25. Based on the foregoing findings, the Commissioner finds that the Respondents offered
7 unqualified, non-exempt securities and failed to disclose material facts, to at least 77 investors, in
8 violation of sections 25110 and 25401.

9 WHEREFORE, good cause showing, and pursuant to section 25252(a), the Commissioner
10 intends to issue an order levying administrative penalties, against Benjamin Pearsey, as follows:

11 a. That pursuant to section 25252(b), the Commissioner levy administrative
12 penalties of \$1,000.00 for the first violation of section 25110, \$2,500.00 for each subsequent violation,
13 as listed below, for a total amount of \$191,000.00 or according to proof:

- 14 i. First violation: \$1,000.00 for the first offer of a security; and
- 15 ii. Additional violations: \$2,500.00 for the remaining 76 offers.

16 b. That pursuant to section 25252(a), the Commissioner levy administrative
17 penalties of \$2,500.00 for each violation of section 25401, as listed below, for a total amount of
18 \$192,500.00 or according to proof:

- 19 i. \$2,500.00 for the omission in paragraph 16, made in 77 offers.

20 The total amount of administrative penalties for violations of sections 25110 and 25401, is
21 \$383,500.00, or according to proof.

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V.

CONCLUSION

26. Based on the foregoing, the Commissioner finds that grounds exist, and that it is in the public interest to enter orders: (1) desist and refrain order against West Coast Settlements LLC and Benjamin Pearsey, pursuant to section 25532; and (2) levy administrative penalties against Benjamin Pearsey, totaling \$383,500.00, or according to proof. The Commissioner hereby notifies West Coast Settlements LLC and Benjamin Pearsey of his intention to make such orders final.

27. These Orders are necessary, in the public interest, for the protection of investors, and consistent with the purposes, policies, and provisions of the CSL.

Dated: April 30, 2025

KHALIL MOHSENI
Commissioner of Financial Protection and Innovation



By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division