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9 SUPERIOR COURT OF THE STATE OF CALIFORNIA
 10 FOR THE COUNTY OF SANTA CRUZ

11 THE PEOPLE OF THE STATE OF
 12 CALIFORNIA, by and through the
 13 COMMISSIONER OF BUSINESS
 OVERSIGHT,

14 Plaintiff,

15 v.

16 EYE POCKET MEDIA, INC., a California
 17 corporation; WILLIAM NORRIS HERRED, as
 18 an individual; RONALD HOPPING and DOES
 19 1 through 10, inclusive,

20 Defendants.

) Case No.: 15-cv-00298

) STIPULATION BETWEEN PLAINTIFF
) AND DEFENDANT RONALD HOPPING FOR
) ENTRY OF FINAL JUDGMENT OF
) PERMANENT INJUNCTION AND
) RESTITUTION

) Action Filed: November 16, 2015
) Trial Date: April 17, 2017

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 24 IT IS HEREBY STIPULATED AND AGREED by and between Plaintiff, the People of the
 25 State of California, by and through the Commissioner of Business Oversight (formerly the
 26 Commissioner of Corporations) (Commissioner or Plaintiff), and Defendant Ronald Hopping, with
 27 reference to the following recitals:

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I.

RECITALS

A. Defendant Ronald Hopping (Hopping), an individual and resident of Santa Cruz County, served as the President of Eye Pocket Media, Inc. (Eye Pocket Media) beginning in October 2008.

B. On November 16, 2015, the Commissioner filed a civil complaint (Complaint) in Superior Court of the State of California, Santa Cruz County, on behalf of the People of the State of California against Defendants Eye Pocket Media, Inc., William Norris Herred (Herred), and Ronald Hopping, (collectively, Defendants) requesting injunctive relief, civil penalties, ancillary relief, and attorney’s fees for violations of the Corporate Securities Law of 1968 (CSL) (Corp. Code, § 25000 et seq.).

C. Plaintiff’s Complaint alleged that from October 2008 to in or around August 2010, Defendants offered and sold unqualified, non-exempt securities (Eye Pocket Media Securities), raising at least \$350,500.00 from at least 24 investors. Plaintiff’s Complaint alleged that in connection with the offer and sale of Eye Pocket Media Securities, Defendants Hopping and Herred made material untrue statements, misrepresentations and omissions, including misrepresentations and omissions that Eye Pocket: had exclusive partnerships with large, well-known companies; would launch within two weeks to one month of funding; and would earn over \$75 million within the first three years of launching.

D. Plaintiff’s Complaint further alleged that Defendants failed to disclose the existence and circumstances of a National Association of Securities Dealers, Inc. ¹ action (NASD Action) against Herred, as well as a May 31, 2006 Desist and Refrain Order issued by the Commissioner against Herred for violations of CSL sections 25110 and 25401 the (2006 D&R Order).

E. Hopping admits to the following facts:

¹ The NASD and the member regulation, enforcement and arbitration operations of the New York Stock Exchange merged on July 30, 2007 to form the Financial Industry Regulatory Authority (FINRA), a non-governmental, self-regulatory organization for securities brokers and dealers doing business in the United States.

1 a) In or around March 2008, Eye Pocket Media, Inc. was incorporated in the
2 State of California. Eye Pocket conducted business from and maintained a principal place of
3 business in Santa Cruz County from March 2008 to at least May 2010.

4 b) In or around the fall of 2008, Herred and his now deceased wife, Martha
5 Herred (Martha Herred) hired Hopping as Eye Pocket’s president with the understanding that as
6 president, Hopping would solicit and refer investors to Herred and Martha Herred who would
7 provide more information about the investment.

8 c) In or around the fall of 2008 to in or around August 2010, Defendants Herred
9 and Hopping offered and sold Eye Pocket Media Securities—in the form of promissory notes and
10 common stock—to approximately 24 investors and raised at least \$350,500.

11 d) Hopping offered and sold Eye Pocket Media securities to his wife’s friends
12 and family members, and their acquaintances.

13 e) Not all investors had a preexisting personal or business relationship with Eye
14 Pocket Media or any of its partners, officers, directors, or controlling persons, or managers, or by
15 reason of their business or financial experience or the business or financial experience of their
16 professional advisers, could be reasonably assumed to have the capacity to protect their own interest
17 in connection with the transaction.

18 f) Herred did not disclose the existence or contents of the NASD Action or 2006
19 D&R Order to Hopping, and although he met with several investors, Herred did not disclose the
20 existence or contents of the NASD Action or 2006 D&R Order to any investors while in Hopping’s
21 presence.

22 g) Hopping became aware of the 2006 D&R Order against Herred in or around
23 July 2, 2009, when an investor asked about it. Subsequently, Hopping asked Herred about the D&R
24 Order and Herred provided an explanation which Hopping believed. Hopping did not take any steps
25 to disclose the existence of the 2006 D&R Order to other investors. Instead, he continued to
26 reassure investors that Eye Pocket Media was close to launching.

27 h) Hopping and Herred prepared offering materials which they provided to
28 potential investors. The offering materials:

- 1 a. Misrepresented that Eye Pocket was expected to launch within two weeks to thirty
- 2 days from the funding date; and
- 3 b. Included financial projections, which indicated that Eye Pocket would generate
- 4 \$1,480,050.00 in the first year, \$42,684,642.00 in the second year, and
- 5 \$75,304,944.00 in the third year, and Zolowag, a proprietary digital marketing
- 6 application aimed at teens using America Online Instant Messenger buddy lists,
- 7 would generate \$5,683,440.00 in the first year, \$37,562,802.00 in the second year,
- 8 and \$48,195,571.00 in the third year.
- 9 i) The offering circular stated that the financial projections were based on
- 10 obtaining 10,000 clicks per day from Eye Pocket Media’s exclusive partner, Clickbooth. Defendants
- 11 did not provide prospective investors with any support for these projections, nor did they explain that
- 12 Eye Pocket did not have any affirmed, long-term contracts or partnerships– much less an exclusive
- 13 partnership– with Clickbooth at that time. Hopping did not provide prospective investors with the
- 14 risks associated with reaching the projections.
- 15 j) Despite the Defendants’ projections and representations, the majority of the
- 16 investors received little to no return of their investment principal.
- 17 k) Hopping understood that in or about June 2010, Herred contacted Eye Pocket
- 18 investors demanding more capital, claiming that Eye Pocket was on the brink of bankruptcy and that
- 19 shareholders would be personally liable for payment of his wages and taxes if more money was not
- 20 invested.
- 21 l) Eye Pocket never launched.

22 F. WHEREAS, Plaintiff and Hopping intend to resolve this matter without trial, hearing
23 or further litigation.

24 NOW THEREFORE, in consideration of the foregoing, and the terms and conditions set
25 forth herein, the parties to this agreement hereby agree and stipulate as follows:

26 II.
27 TERMS AND CONDITIONS

28 1. Plaintiff and Hopping enter into this Stipulation Between Plaintiff and Hopping to

1 Entry of Final Judgment of Permanent Injunction and Restitution as to Defendant Ronald Hopping
2 (Stipulation) for purposes of judicial economy and efficiency, and to avoid the expense of a trial and
3 possible further court proceedings between the parties hereto.

4 2. Hopping admits jurisdiction of this Court over him and over the subject matter of this
5 action. Hopping admits that he was personally served with the Summons and Complaint, filed in
6 this matter as an individual and on behalf of Eye Pocket Media, Inc., on December 29, 2015.
7 Hopping filed an answer on February 8, 2016 and has made a general appearance in this action.
8 Hopping acknowledges that entry of a general appearance corresponds to personal service of the
9 Summons on him pursuant to Code of Civil Procedure section 410.50.

10 3. Hopping agrees to the terms of this Stipulation and voluntarily consents to the entry
11 of the Final Judgment of Permanent Injunction and Restitution as to Defendant Ronald Hopping
12 (Final Judgment), attached hereto as **Exhibit A**. Hopping waives any defense to the Complaint.
13 Hopping agrees that this Court may enter judgment pursuant to the terms of this Stipulation as
14 provided in Code of Civil Procedure section 664.6.

15 4. Hopping voluntarily waives entry of findings of fact and conclusions of law under
16 Code of Civil Procedure section 632 and all rights to appeal the entry of the Final Judgment.

17 5. Hopping agrees, as part of this Stipulation, to cooperate in any ongoing investigation,
18 litigation, or trial.

19 6. Hopping agrees that any debt arising under this agreement is made to resolve the
20 securities law violations asserted herein, that this debt is not dischargeable, and that this Stipulation
21 satisfies the requirements of section 523(a)(19) of the Bankruptcy Code. (11 U.S.C. § 523(a)(19).)
22 Hopping waives his right to seek a discharge of the debt arising from this settlement agreement.

23 7. Hopping hereby agrees to a permanent injunction enjoining him from directly or
24 indirectly engaging in, committing, aiding and abetting, substantially assisting others or as a control
25 person performing, by any means whatsoever, violations of :

26 a) Corporations Code section 25110, which prohibits offering to sell, selling,
27 arranging for the sale of, issuing, engaging in the business of selling, negotiating for the sale of, or
28 otherwise in any way dealing or participating in the offer or sale of, any security of any kind,

1 including but not limited to the securities described in the Complaint, unless such security or
2 transaction is qualified or exempted or not subject to qualification; and

3 b) Corporations Code section 25401, which prohibits offering to sell or selling
4 any security of any kind, including but not limited to, the securities described in the Complaint, by
5 means of any written or oral communication which includes any untrue statement of material fact or
6 omits or fails to state any material fact necessary in order to make the statements made, in the light
7 of the circumstances under which they are made, not misleading, including but not limited to the
8 misrepresentations and omissions alleged in the Complaint;

9 8. Hopping agrees to the Court's entry of a judgment of restitution against him in favor
10 of Plaintiff in the total amount of \$175,250.

11 9. The Court may enter the Final Judgment at any time without further notice to
12 Hopping or a hearing.

13 10. The parties stipulate and agree that each party shall bear its own costs and attorney's
14 fees.

15 11. Plaintiff and Hopping hereby waive any claims known and unknown to them against
16 each other (including the State of California), their agents, officers, or employees that are based on
17 the facts underlying the present action and waive any rights under Civil Code section 1542, which
18 provides: "A general release does not extend to claims which the creditor does not know or suspect
19 to exist in his or her favor at the time of executing the release, which if known by him or her must
20 have materially affected his or her settlement with the debtor."

21 12. The parties hereby acknowledge and agree that this Stipulation is intended to
22 constitute a full, final, and complete resolution of this matter between the parties for the claims made
23 in the Complaint relating to Hopping.

24 13. The parties further acknowledge and agree that nothing contained in this Stipulation
25 shall operate to limit the Commissioner's ability to investigate and prosecute violations of the CSL
26 not addressed herein. Nothing shall prevent the Commissioner from assisting any other agency
27 (county, state, or federal) with any prosecution, administrative, civil or criminal, brought by any
28 such agency against Hopping concerning violations alleged herein or otherwise. Notwithstanding,

1 the Stipulation remains a complete resolution as regards to the action initiated against Hopping by
2 the Commissioner arising from the Complaint. Hopping further acknowledges and agrees that
3 nothing in this Stipulation or in the Final Judgment shall bind or otherwise prevent any other federal,
4 state or county agency from the performance of its duties.

5 14. Each party represents, warrants, and agrees that it has received and/or sought
6 independent advice from counsel, attorney(s), and/or representatives with respect to the advisability
7 of executing this Stipulation.

8 15. Each party represents, warrants, and agrees that in executing this Stipulation it has
9 relied solely on the statements set forth herein and the advice of its own counsel and/or
10 representative. Each party further represents, warrants, and agrees that in executing this Stipulation
11 it has not relied on any statement, representation, or promise of any other party, or any other person
12 or entity not expressly set forth herein, or upon the failure of any party or any other person or entity
13 to make any statement, representation or disclosure of anything whatsoever. The parties have
14 included this clause (1) to preclude any claim that any party was in any way fraudulently induced to
15 execute this Stipulation and (2) to preclude the introduction of parol evidence to vary, interpret,
16 supplement, or contradict the terms of this Stipulation.

17 16. In that the parties have had the opportunity to draft, review and edit the language of
18 this Stipulation, no presumption for or against any party arising out of drafting all or any part of this
19 Stipulation will be applied in any action relating to or arising out of this Stipulation. Accordingly,
20 the parties hereby waive the benefit of Civil Code section 1654 and any successor statute.

21 17. Hopping enters into this Stipulation voluntarily and without coercion, and
22 acknowledges that no promises, threats or assurances were made by Plaintiff or any agents, officers,
23 or employees thereof to induce him to enter into this Stipulation.

24 18. Plaintiff and Hopping stipulate and agree that if any paragraph, clause, or provision of
25 this Stipulation entered thereto, or the application thereof, is held invalid or unenforceable, such
26 decision shall affect only the paragraph, clause or provision so construed or interpreted, and the
27 invalidity shall not affect the provisions or the application of this Stipulation, or of the Final
28 Judgment entered thereto, which can be given effect without the invalid provisions or application.

1 To this end, the provisions of this Stipulation are declared by Plaintiff and by Hopping to be
2 severable.

3 19. The waiver of any provision of this Stipulation shall not operate to waive any other
4 provision set forth herein, and any waiver, amendment and/or change to the terms of this Stipulation
5 must be in writing signed by the parties hereto.

6 20. The parties stipulate and agree that this Court shall retain jurisdiction of this action in
7 order to implement and enforce the terms of this Stipulation and entry of Final Judgment pursuant
8 thereto, and to entertain any suitable application or motion for additional relief or modification or
9 any order made herein within the jurisdiction of this Court.

10 21. This Stipulation shall be governed by and construed in accordance with the laws of
11 the State of California, without regard to its conflict-of-laws rules. Any dispute concerning this
12 Stipulation shall be heard by the Court, and all parties waive any right to trial by jury with respect to
13 any such action or matter concerning this Stipulation.

14 22. This Stipulation is the final written expression and the complete and exclusive
15 statement of all the agreements, conditions, promises, representations, and covenants between the
16 parties with respect to the subject matter hereof, and supersedes all prior or contemporaneous
17 agreements, negotiations, representations, understandings, and discussions between and among the
18 parties, their respective representatives, and any other person or entity, with respect to the subject
19 matter covered hereby.

20 23. Each signator hereto covenants that he/she possesses all necessary capacity and
21 authority to sign and enter into this Stipulation.

22 24. The parties may execute this Stipulation in one or more counterparts, each of which
23 shall be an original but all of which, together, shall constitute a single document.

24 25. The parties may execute this Stipulation by facsimile or scanned signature, and any
25 such facsimile or scanned signature by any party hereto shall be deemed an original signature and
26 shall be binding on such party to the same extent as if such facsimile or scanned signature were an
27 original signature.

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Dated: 3/16/17

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division

Dated: 3/14/17

By _____
RONALD HOPPING, an Individual

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EXHIBIT A

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SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SANTA CRUZ

THE PEOPLE OF THE STATE OF CALIFORNIA, by and through the COMMISSIONER OF BUSINESS OVERSIGHT,

Plaintiff,

v.

EYE POCKET MEDIA, INC., a California corporation; WILLIAM NORRIS HERRED, as an individual; RONALD HOPPING and DOES 1 through 10, inclusive,

Defendants.

) Case No.: 15-cv-00298

) [PROPOSED] FINAL JUDGMENT OF PERMANENT INJUNCTION AND RESTITUTION AS TO DEFENDANT RONALD HOPPING

) Action Filed: November 16, 2015
) Trial Date: April 17, 2017

A. Plaintiff, the People of the State of California, by and through the Commissioner of Business Oversight (Plaintiff or Commissioner) filed a civil complaint (Complaint) in this Court on November 16, 2015 against Defendants Ronald Hopping (Hopping), William Norris Herred (Herred) and Eye Pocket Media, Inc. a California corporation (Eye Pocket Media) (collectively, Defendants) requesting injunctive relief, civil penalties, ancillary relief, and attorney’s fees for violations of the Corporate Securities Law of 1968 (CSL) (Corp. Code, § 25000 et seq.).

B. Plaintiff’s Complaint alleged that from October 2008 to in or around August 2010,

1 Defendants offered and sold unqualified, non-exempt securities (Eye Pocket Media Securities) in
2 violation of CSL section 25110, raising at least \$350,500 from at least 24 investors. Plaintiff's
3 Complaint further alleged that in connection with the offer and sale of Eye Pocket Media Securities,
4 Defendants made material untrue statements, misrepresentations and omissions in violation of CSL
5 section 25401, including misrepresentations and omissions that Eye Pocket: had exclusive
6 partnerships with large, well-known companies; would launch within two weeks to one month of
7 funding; and would earn over \$75 million within the first three years of launching.

8 C. Plaintiff's Complaint further alleged that Defendants failed to disclose the existence
9 and circumstances of a National Association of Securities Dealers, Inc.² (NASD) action against
10 Herred, as well as a May 31, 2006 Desist and Refrain Order issued by the Commissioner against
11 Herred for violations of CSL sections 25110 and 25401.

12 D. Hopping was personally served with the Summons and Complaint as an individual
13 and on behalf of Eye Pocket Media, Inc. on December 29, 2015.

14 E. Hopping stipulated to the jurisdiction of this Court over him and over the subject
15 matter of this action.

16 F. Hopping read the Complaint and the Stipulation Between Plaintiff and Defendant
17 Ronald Hopping for Entry of Final Judgment of Permanent Injunction and Restitution (Stipulation),
18 which are hereby fully incorporated by reference.

19 G. Hopping read this proposed Final Judgment of Permanent Injunction and Restitution
20 as to Defendant Ronald Hopping (Final Judgment).

21 H. Hopping waived any claims known and unknown to him against the State of
22 California, its agents, officers, or employees based on the facts underlying the present action.
23 Hopping specifically waived any rights under Civil Code section 1542, which provides: "A general
24 release does not extend to claims which the creditor does not know or suspect to exist in his or her
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26 ² The NASD and the member regulation, enforcement and arbitration operations of the New York
27 Stock Exchange merged on July 30, 2007 to form the Financial Industry Regulatory Authority
28 (FINRA), a non-governmental, self-regulatory organization for securities brokers and dealers doing
business in the United States.

1 favor at the time of executing the release, which if known by him or her must have materially
2 affected his or her settlement with the debtor.”

3 I. Hopping stipulated and agreed that he entered into the Stipulation voluntarily and
4 without coercion and acknowledged that no promises, threats or assurances were made by Plaintiff
5 or any officer, or agent thereof to induce him to enter into the Stipulation.

6 J. Hopping waives any trial or adjudication of any fact or law herein or the taking of any
7 proof and all rights to appeal the entry of the Final Judgment.

8 PURSUANT TO THE STIPULATION OF THE PARTIES AND GOOD CAUSE
9 APPEARING THEREFOR, IT IS HEREBY ADJUDGED, ORDERED AND DECREED THAT
10 JUDGMENT BE ENTERED AS FOLLOWS:

11 26. The Court hereby enters a final judgment permanently enjoining Hopping from
12 directly or indirectly engaging in, committing, aiding and abetting, substantially assisting others or
13 as a control person performing, by any means whatsoever, violations of

14 c) Corporations Code section 25110, which prohibits offering to sell, selling,
15 arranging for the sale of, issuing, engaging in the business of selling, negotiating for the sale of, or
16 otherwise in any way dealing or participating in the offer or sale of, any security of any kind,
17 including but not limited to the securities described in the Complaint, unless such security or
18 transaction is qualified or exempted or not subject to qualification; and

19 27. Corporations Code section 25401, which prohibits offering to sell or selling any
20 security of any kind, including but not limited to, the securities described in the Complaint, by
21 means of any written or oral communication which includes any untrue statement of material fact or
22 omits or fails to state any material fact necessary in order to make the statements made, in the light
23 of the circumstances under which they are made, not misleading, including but not limited to the
24 misrepresentations and omissions alleged in the Complaint;

25 28. The Court hereby enters a final judgment of restitution against Hopping and in favor
26 of Plaintiff in the total amount of \$175,250.

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29. The Final Judgment may be entered by the Court at any time without further notice to Hopping or a hearing.

30. This Court shall retain jurisdiction of this action in order to implement and enforce the terms of the Stipulation and entry of Final Judgment pursuant thereto, and to entertain any suitable application or motion for additional relief or modification or any order made herein within the jurisdiction of this Court.

IT IS SO ORDERED.

Dated: _____

JUDGE OF THE SUPERIOR COURT