

FILED
Superior Court of California
County of Los Angeles

FEB 25 2014

Sherri R. Carter, Executive Officer/Clerk
By Bettina M. Baker, Deputy

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

THE PEOPLE OF THE STATE OF CALIFORNIA, by and through the California Corporations Commissioner,

Plaintiff,

vs.

PROTEGE FINANCIAL & INSURANCE SERVICE, INC., aka PROTÉGÉ FINANCIAL & INSURANCE SERVICES, INC., aka PROTEGE FINANCIAL & INSURANCE SERVICES, INC., doing business as SENIOR RETIREMENT SPECIALISTS and TEACHER RETIREMENT SPECIALISTS; SAXE-COBURG INSURANCE SOLUTIONS, LLC; SKYLINE PICTURES, LLC; NOT FORGOTTEN, LLC; WINDSOR PICTURES, LLC; MICHELLE KENEN SEWARD, as an individual; DROR SOREF, as an individual; SCOTT WALTER FOULK, as an individual; and DOES 1 through 50, inclusive,

Defendants.

CASE NO.: BC492536

FINAL JUDGMENT OF PERMANENT INJUNCTION AND RESTITUTION PURSUANT TO AMENDED SETTLEMENT AGREEMENT

(SUPERSEDES VERSION OF [PROPOSED] FINAL JUDGMENT OF PERMANENT INJUNCTION AND RESTITUTION PURSUANT TO SETTLEMENT AGREEMENT RECEIVED BY THE COURT ON FEBRUARY 11, 2014)

Department: '12'
Judge: Hon. Barbara A. Meiers

Trial Date: April 21, 2014
Action Filed: September 20, 2012

FINAL JUDGMENT OF PERMANENT INJUNCTION AND RESTITUTION PURSUANT TO AMENDED SETTLEMENT AGREEMENT

1 The People of the State of California, by and through the California Commissioner of
2 Business Oversight, formerly known as the California Corporations Commissioner (“People” or
3 “Commissioner”), filed this action on September 20, 2012, pursuant to the Corporate Securities Law
4 of 1968 (Corp. Code, § 25000 et seq.) (“Corporate Securities Law”) against defendants Protege
5 Financial & Insurance Service, Inc., aka Protégé Financial & Insurance Services, Inc., aka Protege
6 Financial & Insurance Services, Inc., doing business as Senior Retirement Specialists and Teacher
7 Retirement Specialists (“Protege Financial”); Saxe-Coburg Insurance Solutions, LLC (“Saxe-
8 Coburg”); Skyline Pictures, LLC; Not Forgotten, LLC; Windsor Pictures, LLC; Michelle Kenen
9 Seward (“Seward”); Dror Soref (“Soref”); and Scott Walter Foulk (“Foulk”).

10 The Commissioner alleges violations of Corporate Securities Law sections 25110
11 (unqualified offer or sale of securities), 25401 (the offer or sale of securities by means of material
12 misrepresentations or omissions), and as to Protege Financial and Seward only, 25230 (unlicensed
13 investment advisers).

14 The Defendants Saxe-Coburg, Seward, (Saxe-Coburg and Seward together are the “Seward
15 Defendants”), Soref, and Foulk have stipulated to service of the Summons and Complaint
16 (“Complaint”) filed in this matter, have entered general appearances and admit to the continuing
17 jurisdiction of this Court over themselves and over the subject matter of this action. Without
18 admitting or denying any material allegation of the Complaint and without admitting any
19 wrongdoing, defendants Saxe-Coburg, Seward, Soref, and Foulk (collectively the “Defendants”)
20 have consented to the entry of this Final Judgment of Permanent Injunction and Restitution Pursuant
21 to Amended Settlement Agreement (“Final Judgment”), waiving any trial or adjudication of any fact
22 or law herein or the taking of any proof. (Attached and incorporated herein as **Exhibit A** is a true
23 and correct copy of the Amended Settlement Agreement for Entry of Final Judgment of Permanent
24 Injunction and Restitution Between Plaintiff and Defendants Saxe-Coburg Insurance Solutions,
25 LLC; Michelle Kenen Seward; Dror Soref; and Scott Walter Foulk [“Agreement”].)

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27 ///

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1 **NOW, THEREFORE, GOOD CAUSE APPEARING, IT IS HEREBY ORDERED**
2 **THAT:**

3 A. Defendants hereby agree, without admitting or denying the factual allegations
4 contained herein or as alleged in the Complaint filed in the action, regarding any violations of law
5 and without admitting any wrongdoing, to the issuance by the Court of a permanent injunction,
6 under Corporations Code section 25530, where Defendants are permanently enjoined from directly
7 or indirectly engaging in, committing, aiding and abetting, or performing, by any means whatsoever,
8 any of the following acts:

- 9 1. Violating Corporations Code section 25110 by offering or selling in this state
10 any security in an issuer transaction, including but not limited to Not
11 Forgotten “operating” agreements; Windsor Pictures “bridge” loans,
12 “promissory” notes, “Class A Membership” interests, and “convertible”
13 debentures; Protege Financial “bridge” loans and “promissory” notes; and
14 Saxe-Coburg “promissory” notes, unless such sale has been qualified under
15 Corporations Code section 25111, 25112, or 25113 or unless such security or
16 transaction is exempted or not subject to qualification.
- 17 2. Violating Corporations Code section 25401 by offering or selling a security,
18 including but not limited to Not Forgotten “operating” agreements; Windsor
19 Pictures “bridge” loans, “promissory” notes, “Class A Membership” interests,
20 and “convertible” debentures; Protege Financial “bridge” loans and
21 “promissory” notes; and Saxe-Coburg “promissory” notes, in this state or buy
22 or offer to buy a security in this state by means of any written or oral
23 communication which includes any untrue statement of a material fact or
24 omits to state a material fact necessary in order to make the statements made,
25 in the light of the circumstances under which they are made, not misleading;
26 and
- 27 3. As to defendant Seward, violating Corporations Code section 25230 by
28 conducting business as an investment adviser in this state unless Seward has

1 first applied for and secured from the Commissioner a certificate, then in
2 effect, authorizing her to conduct business as an investment adviser or unless
3 Seward is exempted from the requirement of obtaining a certificate.

4 B. Defendants agree to the Court's entry of the Final Judgment, providing for civil
5 restitution for the individuals listed on **Exhibit B** (the "Restitution Payment Sheet") in the amount of
6 approximately \$17.4 million, less any amount paid to these individuals from any other source,
7 together with interest thereon at the legal rate per annum until said amounts are paid in full,
8 apportioned as follows. Under Corporations Code section 25530, subdivision (c), restitution orders
9 are "enforceable in the same manner as is provided for the enforcement of any other money
10 judgment[,]" the Parties have therefore agreed that in the Final Judgment, the Court may adjudge
11 and decree that the individuals listed on **Exhibit B** can be referred to in this Final Judgment as
12 judgment creditors. Therefore, the Court adjudges and decrees that individuals listed on **Exhibit B**
13 are judgment creditors of this Final Judgment. Nothing in this Paragraph B or the apportionments set
14 forth in the Restitution Payment Sheet shall be considered an admission of liability or responsibility
15 or a finding of fact as to any Defendant with respect to any judgment creditor. Any funds paid to a
16 judgment creditor, from any source, shall reduce and partially satisfy the total amount owed. No
17 judgment creditor listed on this Restitution Payment Sheet shall retain or be entitled to obtain more
18 than 100% of the funds identified on the Restitution Payment Sheet. The apportionments are:

19
20 (a) Of the \$17.4 million, the Seward Defendants, Soref, and Foulk shall be jointly and
21 severally liable for \$5,813,742.54. When the Commissioner or a judgment creditor
22 collects funds for the benefit of the judgment creditors identified on the Restitution
23 Payment Sheet, there shall be an allocation of such funds in a pro rata fashion by family
24 unit (husband and wife or family trust consolidated). Monies collected by the People shall
25 first be used to pay the joint and several liability described in this subparagraph.

26
27 (b) Of the \$17.4 million, the Seward Defendants shall be severally liable for
28 \$5,810,870.83, which amount shall be attributable to judgment creditors who have voted to

1 participate in the Creditors' Trust created by Protege Financial and Saxe-Coburg, as
2 identified on the Restitution Payment Sheet. This amount of \$5,810,870.83 equates
3 approximately to the sum due, severally, for Soref and Foulk due to the fact that the
4 judgment creditors included for the Seward Defendants are also addressed by the
5 Creditors' Trust created by Protege Financial and Saxe-Coburg.

6
7 (c) Of the \$17.4 million, Soref shall be severally liable for \$2,912,246.73, which amount
8 shall be attributable to those judgment creditors identified on the Restitution Payment
9 Sheet.

10 (d) Of the \$17.4 million, Foulk shall be severally liable for \$2,904,367.53, which amount
11 shall be attributable to those judgment creditors identified on this Restitution Payment
12 Sheet.

13
14 Once the initial \$5,813,742.54 of joint and several liability is satisfied by payment from any source,
15 any amounts thereafter paid to judgment creditors shall reduce the total amount of several liability
16 owed by the individual or entity that is the source of the funds.

17 C. The Court will retain jurisdiction of this action in order to implement and carry out
18 the terms of the Agreement or to entertain any suitable application or motion by the People for
19 additional relief within the jurisdiction of this Court.

20 IT IS SO ORDERED.

21 Dated: 2/25/14

22 Barbara A. Meiers
23 JUDGE OF THE SUPERIOR COURT