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8 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
9 OF THE STATE OF CALIFORNIA
10

11 In the Matter of:)
12 THE COMMISSIONER OF BUSINESS)
OVERSIGHT,) CONSENT ORDER
13)
14 Complainant,)
15 v.)
16 JAMES JOHNSON AND ALL MARK)
INSURANCE SERVICES, INC.)
17 Respondents.)
18)
19 _____)

20 This Consent Order is entered between the Department of Business Oversight (Department)
21 through the Commissioner of Business Oversight (Commissioner), on the one hand, James Johnson
22 and All Mark Insurance Services, Inc. (collectively, Respondents) on the other hand (hereafter, the
23 Parties), and is made with respect to the following:

24 RECITALS

25
26 A. At all relevant times, James Johnson, a California resident, was sole owner and doing
27 business as All Mark Insurance Services, Inc., with a business address of 25201 Paseo De Alicia
28 #280, Laguna Hills, CA 92653.

1 B. At all relevant times, Woodbridge Group of Companies, LLC was a company formed
2 in California with a business address of 14225 Ventura Boulevard, Suite 100, Sherman Oaks,
3 California 91423.

4 C. Beginning as early as July 2012, Woodbridge Group of Companies, LLC and its
5 affiliates, including but not limited to WMF Management, LLC, Woodbridge Structured Funding,
6 LLC, Woodbridge Pre-Settlement Funding, LLC, Woodbridge Mortgage Investment Fund 1, LLC,
7 Woodbridge Mortgage Investment Fund 2, LLC, Woodbridge Mortgage Investment Fund 3, LLC,
8 Woodbridge Mortgage Investment Fund 3A, LLC, Woodbridge Mortgage Investment Fund 4, LLC,
9 Woodbridge Commercial Bridge Loan Fund 1, LLC, Woodbridge Commercial Bridge Loan Fund 2,
10 LLC (collectively, Woodbridge) offered securities in California to investors in the form of lending
11 agreements, some of which were referred to as “First Position Commercial Mortgage Notes,”
12 “mezzanine loans,” “construction loans,” and “Co-Lending Opportunities” (collectively, FPCMs).

13 D. FPCMs investors were solicited to invest anywhere between \$25,000 to well over
14 \$250,000 to give to Woodbridge to pool with other investor monies. Woodbridge then lent the
15 pooled monies to third-party borrowers for a short time at a high interest rate to finance the
16 acquisition and/or development of real property in California, Colorado, and other states. FPCMs
17 investors had no role in selecting or vetting the purported third-party borrower. FPCMs investors
18 also had no decision-making role or management in negotiating the terms of the loans with the third-
19 party borrower, nor did they have any decision-making role in the real estate acquisition or
20 development.

21 E. In exchange for lending money to Woodbridge, FPCMs investors were promised that
22 they would “[e]arn a secured yield as high as 5%” in fixed monthly interest payments, for a term of
23 nine, twelve, or eighteen months, with options to renew or “reposition” their lending toward a
24 different real property at the end of the term. FPCMs investors were told that the loans they were
25 making were secured by a “collateral assignment of note, mortgage, and other loan documents,”
26 which would be recorded with the real property that was the subject of the loan. FPCMs investors
27 were told that the recorded documents would give them a “first position” lien interest in the subject
28 real property, and that this would allow FPCMs investors to be paid back first in the event the

1 borrower defaulted on the loan. Woodbridge assured FPCMs investors that Woodbridge would pay
2 them the interest payments regardless of whether the borrower defaulted on the loan. FPCMs
3 investors were also assured they would get back their full principal at the end of the term if requested.

4 F. Woodbridge used inhouse employees called “consultants” and paid external referrers,
5 insurance salespersons, investment advisors, and financial planners to solicit and sell Woodbridge
6 securities, including FPCMs, in California.

7 G. Beginning in 2016, James Johnson and All Mark Insurance Services Inc., became
8 agents of Woodbridge, in which capacity they offered and sold FPCMs issued by Woodbridge to
9 California investors.

10 H. James Johnson and All Mark Insurance Services, Inc., advised their clients in
11 California to invest in FPCMs issued by Woodbridge.

12 I. James Johnson and All Mark Insurance Services, Inc., received sales commission from
13 Woodbridge of at least five percent for each dollar invested, totaling \$102,618.03 in 2016 and
14 \$131,631.11 in 2017. Further, each time investors reinvested their initial investments – and some
15 investors “repositioned” or renewed their investment more than once – James Johnson and All Mark
16 Insurance Services, Inc, received yet another commission. Clients invested collectively over
17 \$3,776,910.00 in Woodbridge FPCMs through the efforts of James Johnson and All Mark Insurance
18 Services, Inc.

19 J. Neither James Johnson and All Mark Insurance Services, Inc., had secured from the
20 Commissioner, nor any other similar licensing entity, a certificate authorizing them to sell or induce
21 the sale of securities.

22 K. Neither James Johnson and All Mark Insurance Services Inc., had secured from the
23 Commissioner, nor from any other similar licensing entity, a certificate to offer investment advice for
24 compensation.

25 L. The Commissioner is of the opinion that the FPCMs issued and offered by
26 Woodbridge, through James Johnson and All Mark Insurance Services Inc., are securities subject to
27 qualification under the Corporate Securities Law of 1968 (Corp. Code, § 25000 et seq.) that have
28 been offered or sold without first being qualified in violation of Corporations Code section 25110.

1 M. Furthermore, the Commissioner is of the opinion that James Johnson and All Mark
2 Insurance Services, Inc., effected, induced, or attempted to induce the purchase or sale of securities in
3 the form of FPCMs in the State of California without first applying for and securing from the
4 Commissioner a certificate authorizing them to act in that capacity, in violation of Corporations Code
5 section 25210.

6 N. Furthermore, the Commissioner is of the opinion that James Johnson and All Mark
7 Insurance Services Inc., have conducted business as an investment adviser for compensation in this
8 state without first securing from the Commissioner a certificate, then in effect, in violation of
9 Corporations Code section 25230, subdivision (a).

10 O. Respondents admit to the jurisdiction of the Commissioner with respect to the subject
11 matter hereof and agree to the execution of this Consent Order as a resolution of the matter without
12 the need to initiate litigation.

13 P. The Commissioner finds this Consent Order is appropriate, in the public interest, for
14 the protection of investors, and consistent with the purposes fairly intended by the policy and
15 provisions of the Corporate Securities Law of 1968 (CSL).

16 NOW THEREFORE, in consideration of the foregoing, and the terms and conditions set forth
17 herein, the Parties agree as follows:

18 TERMS AND CONDITIONS

19 1. Purpose. The purpose of this Consent Order is to resolve the foregoing issues in a
20 manner that avoids the expense of a hearing and possible other court proceedings.

21 2. Desist and Refrain Order. James Johnson and All Mark Insurance Services, Inc., are
22 hereby ordered to desist and refrain from the further offer or sale of securities, in the State of
23 California, including but not limited to lending agreements such as FPCMs, unless and until
24 qualification has been made under said law or unless the security is exempt. James Johnson and All
25 Mark Insurance Services, Inc., are further hereby ordered to desist and refrain from effecting,
26 inducing or attempting to induce the purchase or sale of securities in this state as a broker-dealer
27 without first applying for and securing from the Commissioner a certificate authorizing them to act in
28 that capacity. James Johnson and All Mark Insurance Services, Inc., are further hereby ordered to

1 desist and refrain from acting as an investment adviser in the State of California unless and until they
2 have first applied for and secured from the commissioner a certificate authorizing them to act as an
3 investment adviser, or unless exempt.

4 3. Waiver of Hearing Rights. Respondents have read this Consent Order, are aware of
5 their rights to a hearing and appeal in this matter if a formal enforcement action had been
6 commenced to request the relief specified under this Consent Order, and elect to permanently waive
7 any right to a hearing and appeal, including those rights under the CSL, the California
8 Administrative Procedures Act (Gov. Code, § 11400 et seq.), and the Code of Civil Procedure with
9 respect to the issuance of the Desist and Refrain Order specified in Paragraph 2.

10 4. Future Actions by the Commissioner. The Parties acknowledge and agree that nothing
11 contained in this Consent Order shall operate to limit the Commissioner's ability to assist any other
12 agency, (county, state or federal) with any prosecution, administrative, civil or criminal, brought by
13 any such agency against Respondents based upon the subject matter hereof or otherwise. This
14 Consent Order shall not limit the ability of the Commissioner to bring any administrative or civil
15 action to enforce compliance with this Consent Order or to seek penalties for its violation. Further,
16 the Commissioner reserves the right to bring any future action(s) against Respondents or any of the
17 managers, officers, directors, shareholders or employees of Respondents for all unknown or future
18 violations of the CSL.

19 5. Independent Legal Advice. Respondents represent, warrant, and agree that they have
20 had the opportunity to seek independent advice from legal counsel and/or representative with respect
21 to the advisability of executing this Consent Order.

22 6. No Other Representation. Each of the Parties represents, warrants, and agrees that in
23 executing this Consent Order each has relied solely on the statements set forth herein and the advice
24 of its own counsel and/or representative. Each of the Parties further represents, warrants, and agrees
25 that in executing this Consent Order it has placed no reliance on any statement, representation, or
26 promise of any other party, or any other person or entity not expressly set forth herein, or upon the
27 failure of any party or any other person or entity to make any statement, representation or disclosure
28 of anything whatsoever. The Parties have included this clause: (1) to preclude any claim that any

1 party was in any way fraudulently induced to execute this Consent Order; and (2) to preclude the
2 introduction of parol evidence to vary, interpret, supplement, or contradict the terms of this Consent
3 Order.

4 7. Modifications and Qualified Integration. No amendment, change, or modification to
5 this Consent Order shall be valid or binding to any extent unless it is in writing and signed by all the
6 parties affected by it.

7 8. Full Integration. This Consent Order is the final written expression and the complete
8 and exclusive statement of all the agreements, conditions, promises, representations, and covenants
9 between the parties with respect to the subject matter hereof, and supersedes all prior or
10 contemporaneous agreements, negotiations, representations, understandings, and discussions between
11 and among the parties, their respective representatives, and any other person or entity, with respect to
12 the subject matter covered hereby.

13 9. No Presumption from Drafting. In that the Parties have had the opportunity to draft,
14 review and edit the language of this Consent Order, no presumption for or against any party arising
15 out of drafting all or any part of this Consent Order will be applied in any action relating to,
16 connected, to, or involving this Consent Order. Accordingly, the Parties waive the benefit of Civil
17 Code section 1654 and any successor or amended statute, providing that in cases of uncertainty,
18 language of a contract should be interpreted most strongly against the party who caused the
19 uncertainty to exist.

20 10. Limited Nature of Consent Order. Respondents neither admit nor deny the allegations
21 and violations set forth in paragraphs B through N, above, in this Consent Order. As part of this
22 Consent Order the Respondents agree that they: (i) will not take any action or make or permit to be
23 made any public statement denying, directly or indirectly, any allegation in the Consent Order or
24 creating the impression that the Consent Order is without factual basis; and (ii) will not make or
25 permit to be made any public statement to the effect that Respondents do not admit the allegations of
26 the Consent Order, or that this Consent Order contains no admission of the allegations, without also
27 stating that Respondents do not deny the allegations. If Respondents breach this agreement, the
28 Department may vacate this Consent Order and restore this action. Nothing in this paragraph affects

1 the Respondents': (i) testimonial obligations; or (ii) right to take differing legal or factual positions in
2 litigation or other legal proceedings.

3 11. Effect Upon Future Proceedings. If Respondents apply for any license, permit or
4 qualification under the Commissioner's current or future jurisdiction, or are the subject of any future
5 action by the Commissioner to enforce this Consent Order, then the subject matter hereof shall be
6 admitted for the purpose of such application(s) or enforcement proceedings(s).

7 12. Counterparts. This Consent Order may be executed in one or more counterparts, each
8 of which shall be an original but all of which, together, shall be deemed to constitute a single
9 document.

10 13. Terms, Headings and Governing Law. All terms used, but not defined herein, shall
11 have the meaning assigned to them by the CSL. The headings to the paragraphs of this Consent
12 Order are inserted for convenience only and will not be deemed a part hereof or affect the
13 construction or interpretation of the provisions hereof. This Consent Order shall be construed and
14 enforced in accordance with, and governed by, the laws of the State of California.

15 14. Authority for Settlement. Each party warrants and represents that such party is fully
16 entitled and duly authorized to enter and deliver this Consent Order. In particular, and without
17 limiting the generality of the foregoing, each party warrants and represents that it is fully entitled to
18 enter the covenants, and undertake the obligations set forth herein.

19 15. Public Record. Respondents acknowledge that this Consent Order is a public record.
20 Respondents further understand and agree to not make any statement or representation that is
21 inconsistent with the Consent Order.

22 16. Voluntary Agreement. The Parties each represent and acknowledge that in executing
23 this Consent Order, each does so completely voluntarily and without any duress or undue influence of
24 any kind from any source.

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1 17. Effective Date: This Consent Order shall become effective when executed by the
2 Commissioner or her designee and transmitted by electronic mail (email) to Respondents' counsel,
3 Benjamin Biard at biard.b@wssllp.com.

4 Dated: 11/26/18

JAN LYNN OWEN
Commissioner of Business Oversight

6
7 By: _____
8 MARY ANN SMITH
9 Deputy Commissioner
10 Enforcement Division

11 Dated: 11/15/18

ALL MARK INSURANCE SERVICES, INC.

13 _____
14 JAMES JOHNSON
15 Owner and Principal

16 Dated: 11/15/18

17 _____
18 JAMES JOHNSON
19 In his individual capacity

20 Approved as to Form:

21
22 _____
23 Benjamin Biard, Esq.
24 Winget, Spadafora & Schwartzberg, LLP
25 *Counsel for Respondents*
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