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10 Attorneys for Complainant

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

13 THE PEOPLE OF THE STATE OF ) CASE NO. 30-2019-01068897-CU-MC-CJC  
14 CALIFORNIA, by and through the )  
15 Commissioner of Business Oversight )  
16 Plaintiff, ) SETTLEMENT AGREEMENT  
17 v. )  
18 SOMATIKA INCORPORATED, a Washington )  
19 corporation, LAURA E. DAVIDSON, also )  
20 known as LAURA E. WARREN and LAURA )  
21 PHILLIPS, an individual, WILLIAM D. )  
22 ENERSEN, an individual, and DOES 1 through )  
Defendant. )

23 Plaintiff, the People of the State of California, by and through the Commissioner of Business  
24 Oversight (hereafter "Plaintiff") and Defendant Laura Davidson (hereafter "Defendant")  
25 (collectively "Parties") enter this Settlement Agreement with respect to the following facts:

26 I.  
27 **RECITALS**  
28

1           A.       Defendant Laura E. Davidson, also known as Laura E. Warren and Laura Phillips, is  
2 an individual residing at 10441 Pago Pago Circle, Huntington Beach, California 92646.

3           B.       On May 8, 2019, the Commissioner filed a civil enforcement action in Orange  
4 County Superior Court on behalf of the People of the State of California against Davidson and other  
5 defendants (Defendants) to enjoin the Defendants from violating the Corporate Securities Law of  
6 1968 (California Corporations Code section 25000, *et seq.*), and to request civil penalties and  
7 ancillary relief.

8           C.       The Commissioner’s complaint alleged that Defendants offered and sold unqualified  
9 securities, specifically stock shares in Somatika Incorporated (Somatika shares), a Washington state  
10 cosmetics company that purportedly had a formula for a healing skin care cream, in violation of  
11 Corporations Code section 25110.

12           D.       The Commissioner’s complaint also alleged that the Defendants made  
13 misrepresentations and/or omissions during the offer or sale of the Somatika shares in violation of  
14 Corporations Code section 25401. The misrepresentations and omissions included:

- 15           1.       Falsely claiming that Davidson had been highly successful in the cosmetics  
16 industry, when her previous business ventures had failed and been the subject  
17 of a June 9, 2008 Desist and Refrain Order issued by the Commissioner for  
18 violations of Corporations Code sections 25110 and 25401.
- 19           2.       Falsely claiming that Defendants had a highly effective stem cream capable of  
20 treating a wide variety of dermatological conditions.
- 21           3.       Claiming, without any reasonable basis, that Somatika would realize between  
22 \$25,000,000 and \$50,000,000 in sales by the end of 2015 and be worth more  
23 than \$600,000,000 within two years.
- 24           4.       Failing to disclose Davidson’s 2008 Desist and Refrain Order.
- 25           5.       Failing to disclose that Davidson had two tax liens from 2008 and 2014.
- 26           6.       Failing to disclose that two executives of the company, William Enersen and  
27 Michael Siefkes, had previously filed for bankruptcy.
- 28

1 7. Using the testimonial of a Walter Woodworth concerning the efficacy of  
2 Somatika's product, while failing to disclose that Woodworth and Davidson  
3 lived together and were related.

4 D. The Commissioner's complaint also alleged that Davidson had violated the 2008  
5 Desist and Refrain Order.

6 E. Davidson filed an answer to the complaint denying generally its allegations.

7 F. It is the intention and desire of Davidson and the Commissioner to resolve this matter  
8 as between them without the need for trial, hearing or further litigation.

9 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions  
10 set forth herein, the parties agree as follows:

11 **II.**

12 **TERMS AND CONDITIONS**

13 1. Purpose. This Settlement Agreement resolves the Commissioner's civil enforcement  
14 action against Davidson in a manner that avoids the expenses of court proceedings, protects  
15 consumers, is in the public interest, and is consistent with the purposes, policies, and provisions of  
16 the Corporate Securities Law (Corp. Code § 25000 et seq.).

17 2. Permanent Injunction. Davidson hereby agrees to the issuance by the court in the  
18 above-entitled action of a permanent injunction enjoining Davidson, her agents, employees,  
19 attorneys in fact, and all persons acting in concert or participating with them, from directly or  
20 indirectly:

21 a. Offering or selling securities, as that term is defined by Corporations Code  
22 section 25019 and California case law; or

23 b. Taking any loan unless the loan is made by a state or federally chartered bank  
24 or credit union, or a California finance lender licensed under the California  
25 Financing Law (Fin. Code § 22000 et seq.).

26 A copy of the proposed Stipulated Judgment and Order Granting Permanent Injunction Against  
27 Defendant Laura Davidson, which the Davidson agrees may be entered by the court pursuant to this  
28 settlement agreement is attached hereto as Exhibit A.

1           3.       Monetary Judgment. Davidson also hereby agrees to the court’s entry of a final  
2 suspended monetary judgment against her and in favor of the Commissioner for the payment of  
3 restitution in the total amount of THREE HUNDRED THOUSAND SIXTY-FOUR THOUSAND  
4 FIVE HUNDRED DOLLARS (\$364,500.00). A Copy of the proposed Stipulated Judgment and  
5 Order Granting Permanent Injunction Against Defendant Laura Davidson is attached hereto as  
6 Exhibit A. The monetary judgment shall be suspended according to the terms listed in Exhibit A.

7           4.       Payments to Satisfy Monetary Judgment. Any payments made to satisfy the monetary  
8 judgment by Davidson shall be made payable to the California Department of Business Oversight  
9 (DBO). Any amount collected by the DBO to satisfy the judgment shall be used to pay investors in  
10 Somatika Incorporated, for losses suffered by them, in a manner and amount to be determined by  
11 further order of the court.

12           5.       Entry of Order Without Notice or Hearing. Davidson stipulates that the Stipulated  
13 Judgment and Order Granting Permanent Injunction Against Defendant Laura Davidson attached as  
14 Exhibit A may be entered by the court at any time after the execution of this agreement without  
15 further notice to Defendants or a hearing.

16           6.       Davidson’s Representation. As part of this Settlement Agreement, Davidson hereby  
17 represents and warrants that she has accurately represented her financial circumstances to the  
18 Department in the sworn financial disclosure statement and related documents that she has provided  
19 to the DBO, which is attached hereto as Exhibit B and incorporated by reference. It is also  
20 represented and warranted by Davidson that Davidson has not made any loans, or transferred any  
21 money or title to any assets with a value in excess of \$5,000 within the last five years either 1) to  
22 family members, specifically including but not limited to spouses, parents, or children for any  
23 reason; or 2) to any person at any time who has agreed to hold such assets for the future use or  
24 benefit of Davidson or her family members and who still hold or control any of the transferred  
25 money or assets. The Department’s agreement to the suspension of the judgment contained in  
26 Exhibit B is premised upon the truthfulness, accuracy, and completeness of Davidson’s sworn  
27 financial statements and related documents. Further, the Department may, pursuant to paragraph 2(b)  
28 of Exhibit A, apply to the Court to lift suspension of the judgment if Davidson failed to disclose any

1 material asset, materially misstated the value of any asset, or made any other material misstatement  
2 or omission in the financial representations identified above; or Davidson's net worth exceeds  
3 \$25,000, irrespective of the truthfulness, accuracy, and completeness of Davidson's financial  
4 statements submitted to the Department. For the purposes of this paragraph, net worth excludes  
5 funds received through any government program (e.g. Social Security), up to \$175,000 attributable  
6 to Ms. Davidson's interest in any real property that serves as Ms. Davidson's primary residence, and  
7 any funds received as compensation by Ms. Davidson for actual costs, damages, and attorney fees  
8 (but not punitive damages) as a result of any personal injury claim brought by Ms. Davidson.

9       7.     Full and Final Settlement. The parties hereby acknowledge and agree that this  
10 Settlement Agreement is intended to constitute a full, final, and complete resolution of the claims  
11 made in the complaint in the above-entitled action, and that no further proceedings or actions will be  
12 brought by the Commissioner in connection with those matters under Corporate Securities Law or  
13 any other provision of law, excepting therefrom any proceeding to enforce compliance with the  
14 terms of this Settlement Agreement

15       8.     Assisting Other Agencies. Nothing in this Settlement Agreement limits the  
16 Commissioner's ability to assist a government agency (whether city, county, state, or federal) with  
17 any administrative, civil or criminal action brought by that agency against Davidson or any other  
18 person based upon any of the activities alleged in this matter or otherwise.

19       9.     Headings. The headings to the paragraphs of this Settlement Agreement are inserted  
20 for convenience only and will not be deemed a part hereof or affect the construction or interpretation  
21 of the provisions hereof.

22       10.    Binding. This Settlement Agreement is binding on the Parties' heirs, assigns, and/or  
23 successors in interest.

24       11.    Reliance. Each of the Parties represents, warrants, and agrees that in executing this  
25 Settlement Agreement it has relied solely on the statements set forth herein and in the attached  
26 Exhibits, and the advice of its own counsel. Each of the parties further represents, warrants, and  
27 agrees that in executing this Settlement Agreement it has placed no reliance on any statement,  
28 representation, or promise of any other party, or any other person or entity not expressly set forth

1 herein or incorporated by reference, or upon the failure of any party or any other person or entity to  
2 make any statement, representation or disclosure of anything whatsoever. The parties have included  
3 this clause: (1) to preclude any claim that any party was in any way fraudulently induced to execute  
4 this Settlement Agreement; and (2) to preclude the introduction of parol evidence to vary, interpret,  
5 supplement, or contradict the terms of this Agreement.

6 12. Waiver, Amendments, and Modifications. No waiver, amendment, or modification of  
7 this Settlement Agreement will be valid or binding unless it is in writing and signed by each of the  
8 parties. The waiver of any provision of this Settlement Agreement will not be deemed a waiver of  
9 any other provision. No waiver by either party of any breach of, or of compliance with, any  
10 condition or provision of this Agreement by the other party will be considered a waiver of any other  
11 condition or provision or of the same condition or provision at another time.

12 13. Full Integration. This Settlement Agreement is the final written expression and the  
13 complete and exclusive statement of all the agreements, conditions, promises, representations, and  
14 covenant between the parties with respect to the subject matter hereof, and supersedes all prior or  
15 contemporaneous agreements, negotiations, representations, understandings, and discussions  
16 between and among the parties, their respective representatives, and any other person or entity, with  
17 respect to the subject matter covered hereby.

18 14. Governing Law. This Settlement Agreement will be governed by and construed in  
19 accordance with California law. Each of the parties hereto consents to the jurisdiction of such court,  
20 and hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient  
21 forum to the maintenance of such action or proceeding in such court.

22 15. Counterparts. This Settlement Agreement may be executed in one or more separate  
23 counterparts, each of which when, so executed, shall be deemed an original. Such counterparts shall  
24 together constitute a single document.

25 16. Effect Upon Future Proceedings. If Davidson applies for any license, permit or  
26 qualification under the Commissioner's current or future jurisdiction, or are the subject of any future  
27 action by the Commissioner to enforce this Settlement Agreement, then the subject matter hereof  
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1 shall be admitted for the purpose of such application(s) or enforcement proceedings(s). The subject  
2 matter hereof shall not be admitted for any other purposes.

3 17. Voluntary Agreement. Davidson enters into this Settlement Agreement voluntarily  
4 and without coercion and acknowledges that no promises, threats or assurances have been made by  
5 the Commissioner or any officer, or agent thereof, about this Settlement Agreement. The parties  
6 each represent and acknowledge that he, she or it is executing this Agreement completely voluntarily  
7 and without any duress or undue influence of any kind from any source.

8 18. Signatures. A fax or electronic mail signature shall be deemed the same as an original  
9 signature.

10 19. Public Record. Davidson hereby acknowledges that this Consent Order is and will be  
11 a matter of public record.

12 20. Effective Date. This Settlement Agreement shall become final and effective when  
13 signed by all parties and delivered by the Commissioner's agent via e-mail to Davidson's counsel at  
14 Jesse Thaler at [Jesse@ThalerLaw.pro](mailto:Jesse@ThalerLaw.pro).

15 21. Authority to Sign. Each signatory hereto covenants that she possesses all necessary  
16 capacity and authority to sign and enter into this Settlement Agreement and undertake the  
17 obligations set forth herein.

18 22. No Presumption Against Drafting Party. Each party acknowledges that it has had the  
19 opportunity to draft, review, and edit the language of this Settlement Agreement. Accordingly, the  
20 parties intend that no presumption for or against the drafting party will apply in construing any part  
21 of this Settlement Agreement. The parties waive the benefit of Civil Code section 1654 as amended  
22 or corresponding provisions of any successor statute, which provide that in cases of uncertainty,  
23 language of a contract should be interpreted most strongly against the party that caused the  
24 uncertainty to exist

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23. Independent Legal Advice. Each of the parties represents, warrants, and agrees that it has received independent advice from its attorney(s) and/or representatives with respect to the advisability of executing this Settlement Agreement.

Dated: 2/21/20

MANUEL P. ALVAREZ  
Commissioner of Business Oversight

By \_\_\_\_\_  
MARY ANN SMITH  
Deputy Commissioner  
Enforcement Division

Dated: 2/19/20

Laura Davidson

By \_\_\_\_\_  
LAURA DAVIDSON



# Exhibit A

1 MARY ANN SMITH  
Deputy Commissioner  
2 DANIEL P. O'DONNELL  
Assistant Chief Counsel  
3 WILLIAM HORSEY (State Bar No. 136087)  
Senior Counsel  
4 CHARLES CARRIERE (State Bar No. 285837)  
Senior Counsel  
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9 Facsimile: (415) 972-8500

10 Attorneys for the People of the State of California

11 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
12 FOR THE COUNTY OF ORANGE

13 In the Matter of: ) CASE NO. 30-2019-01068897-CU-MC-CJC  
14 )  
15 THE PEOPLE OF THE STATE OF )  
16 CALIFORNIA, by and through the ) STIPULATED JUDGMENT AND ORDER  
17 Commissioner of Business Oversight, ) GRANTING PERMANENT INJUNCTION  
18 Plaintiff, ) AGAINST DEFENDANT LAURA  
19 ) DAVIDSON  
20 )  
21 v. )  
22 )  
23 SOMATIKA INCORPORATED, a Washington )  
24 corporation, LAURA E. DAVIDSON, also )  
known as LAURA E. WARREN and LAURA )  
21 PHILLIPS, an individual, WILLIAM D. )  
22 ENERSEN, an individual, and DOES 1 through )  
23 10, inclusive, )  
24 Defendants. )

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1 TO ALL PARTIES AND THEIR ATTORNEYS OF RECORD:

2 In the above-entitled action, Defendant Davidson and Plaintiff the People of the State of  
3 California, by and through the Commissioner of Business Oversight, having settled this action as  
4 between them, stipulate to the entry of this Stipulated Judgment and Order Granting Permanent  
5 Injunction Against Defendant Laura Davidson as follows.

6 IT IS HEREBY ADJUDGED, ORDERED, AND DECREED:

7 1. That judgement is entered against Davidson for payment of restitution in the total  
8 amount of \$364,500.00 payable to the California Department of Business Oversight. This judgment  
9 is suspended subject to the provisions of paragraph 2 below.

10 2. The judgment is suspended subject to the provisions below:

- 11 a. The Department’s agreement to the suspension of the judgment is expressly  
12 premised upon the truthfulness, accuracy, and completeness of Davidson’s sworn  
13 financial statements and related documents (collectively, “financial  
14 representations”) submitted to the Department.
- 15 b. The suspension of the judgment will be lifted as to Davidson if, upon motion by  
16 the Department, the Court finds:
- 17 i. Davidson failed to disclose any material asset, materially misstated the  
18 value of any asset, or made any other material misstatement or  
19 omission in the financial representations identified above; or
  - 20 ii. Davidson’s net worth exceeds \$25,000, irrespective of the truthfulness,  
21 accuracy, and completeness of Davidson’s financial representations  
22 submitted to the Department. For the purposes of this paragraph, net  
23 worth excludes funds received through any government program (e.g.  
24 Social Security), up to \$175,000 attributable to Ms. Davidson’s  
25 interest in any real property that serves as Ms. Davidson’s primary  
26 residence, and any funds received as compensation by Ms. Davidson  
27 for actual costs, damages, and attorney fees (but not punitive damages)  
28 as a result of any personal injury claim brought by Ms. Davidson.

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c. If the suspension of the judgment is lifted, the judgment becomes immediately due as to Davidson in the amount specified in Paragraph 1 (which the parties stipulate only for purposes of this Section represents the consumer injury alleged in the Complaint), less any payment previously made pursuant to this paragraph, and any payment(s) made by or on behalf of any other Defendant to the Department pursuant to a final order in this action, plus interest computed from the date of entry of this Order.

3. That Davidson, her agents, employees, attorneys in fact, and all persons acting in concert or participating with her are permanently enjoined from:

- c. Offering or selling securities, as that term is defined by Corporations Code section 25019 and California case law; or
- d. Taking any loan unless the loan is made by a state or federally chartered bank or credit union, or a California finance lender licensed under the California Financing Law (Fin. Code § 22000 et seq.).

4. This Court will retain jurisdiction of this action in order to implement and carry out the terms of all orders and decrees that may be entered herein or to entertain any suitable application or motion by Plaintiff for additional relief within the jurisdiction of this Court.

**IT IS SO ORDERED.**

Date: \_\_\_\_\_

By \_\_\_\_\_  
Judge of the Superior Court