



1 California 92590.

2 4. At all relevant times, Jeremy Taylor Johnson (Jeremy Johnson) was a control person  
3 and managing member of Green Bud Initiatives, LLC, C-Quadrant, and GPA Enterprises.

4 5. At all relevant times, Anthony Todd Johnson (Todd Johnson) was a control person and  
5 managing member of Green Bud Initiatives, C-Quadrant, and GPA Enterprises.

6 6. At all relevant times, Michael Gregory was a control person, managing member, and  
7 chief executive officer of C-Quadrant.

8 7. C-Quadrant, GPA Enterprises, Green Bud Initiatives, Jeremy Johnson, Todd Johnson,  
9 and Michael Gregory are collectively referred to as Respondents.

10 8. Beginning in or about January 2018 and continuing until at least January 2019,  
11 Respondents and their agents offered and sold securities, in the form of limited liability company  
12 membership units, promissory notes, and/or investment contracts, in GPA Enterprises and C-  
13 Quadrant.

14 9. Respondents and their agents represented to members of the public that money  
15 invested in GPA Enterprises and C-Quadrant would be part of a common enterprise, where investor  
16 funds would be pooled, and that investors could expect a profit as a result of their investment.  
17 Investors expectation of profits were interwoven with and dependent upon the success of the  
18 managing members of both GPA Enterprises and C-Quadrant.

19 10. The purported purpose of the securities offering in GPA Enterprises and C-Quadrant  
20 was to raise money from members of the public to operate a Cannabidiol (CBD) extraction business  
21 under the name C-Quadrant, located in Salinas, California.

22 11. The securities in GPA Enterprises and C-Quadrant were offered or sold in this state in  
23 issuer transactions. The Department of Financial Protection and Innovation has not issued a permit or  
24 other form of qualification authorizing any person to offer or sell these securities in this state.

25 12. Through general solicitations, in the form of telephone cold-calls, advertising on the  
26 Internet, and an investor recruitment network, Respondents and their agents offered and sold  
27 securities to investors and potential investors.

28 13. Jeremy and Todd Johnson purchased lead lists and supervised an in-house sales team

1 that cold-called prospective investors for the offerings in GPA Enterprises and C-Quadrant.

2 14. Jeremy and Todd Johnson also solicited potential investors online using Green Bud  
3 Initiative's website, among other Internet sites.

4 15. Respondents had no substantive, pre-existing business or personal relationship with  
5 investors or potential investors who were offered and sold securities.

6 16. Jeremy and Todd Johnson personally communicated with prospective investors about  
7 the offerings, including during telephone calls and tours of C-Quadrant's CBD extraction facility.

8 17. Michael Gregory also led tours of C-Quadrant's CBD extraction facility for  
9 prospective investors.

10 18. Solicitation materials sent to prospective investors included private placement  
11 memoranda with questionnaires regarding whether potential investors were "accredited," as defined  
12 by federal Regulation D, Rule 501. But Jeremy Johnson, Todd Johnson, and Michael Gregory did not  
13 take any steps to verify the accreditation status of potential investors or that all purchasers were, in  
14 fact, accredited.

15 19. Based on the records of GPA Enterprises that are available to the Department, at least  
16 26 non-accredited investors invested in the GPA Enterprises offering, which invested in C-Quadrant.

17 20. Additionally, GPA Enterprises, which invested in C-Quadrant, was non-accredited as  
18 GPA Enterprises was formed for the sole purpose of investing in C-Quadrant and not all of the  
19 investors in GPA Enterprises were accredited investors.

20 21. None of the investors or prospective investors in GPA Enterprises or C-Quadrant,  
21 prior to the sale of the securities, were furnished with audited financial statements of the issuer.

22 22. Solicitation materials, such as private placement memoranda, for the securities  
23 offerings represented that the securities had not be registered, or qualified, under federal securities  
24 laws or California's Corporate Securities Law of 1968 (Corporations Code section 25000 et seq.)  
25 (CSL), and were being offered in reliance on exemptions to the registration and qualification  
26 requirements. Specifically, the solicitation materials represented that the securities were exempt from  
27 the securities registration and qualification requirements pursuant to Regulation D, Rule 506, or  
28 comparable exemptions found in the CSL.

1           23.     However, the exemptions found at federal Regulation D, Rule 506 and the comparable  
2 exemptions under the CSL are not available to the securities offerings in GPA Enterprises and C-  
3 Quadrant as a result of the acts and omissions set forth in paragraphs 12-15 and 18-21, above.

4           24.     From the unqualified and non-exempt securities offering in GPA Enterprises,  
5 Respondents and their agents sold securities to at least 85 investors residing in California and  
6 elsewhere. Securities were sold to these investors in 86 separate transactions. From the offer and sale  
7 of these securities, Respondents raised at least \$6,810,000.00 from investors.

8           25.     From the unqualified and non-exempt securities offering in C-Quadrant, Respondents  
9 and their agents sold securities to at least 38 investors, including GPA Enterprises, residing in  
10 California and elsewhere. Securities were sold to these investors in 40 separate transactions. From the  
11 offer and sale of these securities, Respondents raised at least \$11,818,000.00 from investors.

12          26.     On or about February 4, 2019, the Commissioner issued an administrative desist and  
13 refrain order (2019 Desist and Refrain Order) to Jeremy Johnson, Todd Johnson, GPA Enterprises,  
14 Green Bud Initiatives, and others, ordering them to desist and refrain from the further offer or sale of  
15 the securities in violation of Corporations Code section 25110. The 2019 Desist and Refrain Order  
16 was served on the parties named in the order. The parties named in the order, including Jeremy  
17 Johnson, Todd Johnson, GPA Enterprises, and Green Bud Initiatives, did not request a hearing to  
18 challenge the 2019 Desist and Refrain Order. Therefore, the 2019 Desist and Refrain Order is now  
19 final.

20          27.     Some investors in GPA Enterprises and C-Quadrant received a refund of their  
21 principal investment and other investors have not been refunded despite requesting that their  
22 investments be liquidated and their principal investment be returned.

23          28.     These securities were offered or sold in this state in issuer transactions. The  
24 Department has not issued a permit or other form of qualification authorizing any person to offer or  
25 sell these securities in this state. The offer or sale of these securities is not exempt.

26          29.     Respondents and their agents provided potential investors with solicitation materials,  
27 including private placement memoranda. Also, Respondents and their agents made verbal sales  
28 pitches to investors.

1           30.     In connection with the offers and sales of securities, Respondents made, or caused to  
2 be made, misrepresentations of material fact to investors and potential investors, including that:

3           a.       Sales commissions for selling securities to investors would only be paid to  
4 registered brokers. When, in facts, sales commissions were paid to unregistered and unlicensed  
5 salespeople. Specifically, the GPA Enterprises and C-Quadrant private placement memoranda  
6 represented that a portion of investor money raised in GPA Enterprises and C-Quadrant could be paid  
7 as “Brokerage Commissions” to brokers registered with the Financial Industry Regulatory Authority  
8 (FINRA). However, investor money was paid as a sales commission to individuals who were not  
9 brokers registered with FINRA. Respondents utilized unregistered brokers to offer and sale securities  
10 in contradiction to statements made to investors and potential investors;

11           b.       Jeremy and Todd Johnson would not be paid compensation from investor  
12 funds. However, Jeremy and Todd Johnson were paid compensation from investor funds.  
13 Specifically, the GPA Enterprises private placement memoranda represented that “[t]here is no  
14 accrued compensation that is due any member of Management” and that Jeremy and Todd Johnson  
15 would receive a salary of “\$0.00.” Also, the GPA Enterprises private placement memoranda stated  
16 “MANAGING PARTNERS WILL RECEIVE COMPENSATION BASED SOLELY ON  
17 OWNERSHIP OF BUSINESS.” Despite these representations made to investors and potential  
18 investors, Jeremy and Todd Johnson transferred over \$1 million in funds to themselves and others as  
19 compensation;

20           c.       Money invested in GPA Enterprises, which would be fed into C-Quadrant,  
21 would be placed in an escrow account, established by C-Quadrant, for the protection of investor  
22 money until a minimum amount of money was raised from investors. However, C-Quadrant did not  
23 establish an escrow account and therefore money invested in GPA Enterprises was not placed in an  
24 escrow account. The GPA Enterprises private placement memoranda stated “C-Quadrant, LLC has  
25 established an Investment Holding Account . . . into which the minimum offering proceeds will be  
26 placed. At least 10 of [GPA Enterprise’s] Units must be sold for \$500,000 before such proceeds will  
27 be released from the escrow account and utilized by C-Quadrant.” Despite these representations made  
28 to investors and potential investors, C-Quadrant did not establish an escrow account to hold investor

1 funds.

2           d.       C-Quadrant had a business or research relationship with a prominent university  
3 in California. In fact, there was no business or research relationship between C-Quadrant and the  
4 California university. For example, a video provided to investors and potential investors stated: “We  
5 have a group of [California university] medical scientists and doctors that are going to be renting . . .  
6 a portion of the space in our facility to develop a case study . . . They want to be near our technology.  
7 They need our technology to get the job done . . . And they would like to share brain science with us  
8 and kind of collaborate on some of the findings.” Despite these representations made to investors and  
9 potential investors, C-Quadrant did not have a business or research relationship with the California  
10 university.

11           e.       Michael Gregory, a managing member and chief executive officer of C-  
12 Quadrant, had a masters in business administration, also known as an MBA. In fact, Michael Gregory  
13 did not have an MBA.

14           f.       In communications with investors and potential investors, it was represented  
15 that C-Quadrant owned the property where its CBD extraction facility was to be located. But Michael  
16 Gregory and Jeremy and Todd Johnson failed to disclose that they had collateralized C-Quadrant’s  
17 property and that Michael Gregory had used the loan proceeds to pay off investors in an unrelated  
18 entity. Further, in or about December 2018 and February 2019, Michael Gregory prepared investor  
19 updates reporting that C-Quadrant entered into a “business loan” to facilitate C-Quadrant’s  
20 development. When, in fact, Michael Gregory had used some loan proceeds to pay off investors in an  
21 entity that was unrelated to C-Quadrant.

22           g.       Michael Gregory made a capital contribution of \$500,000.00 to C-Quadrant. In  
23 fact, Michael Gregory did not make such a capital contribution. For example, C-Quadrant’s original  
24 operating agreement, which was written by Michael Gregory, and distributed to investors and  
25 potential investors, represented that Michael Gregory made a \$500,000.00 capital contribution to C-  
26 Quadrant. Despite this representation made to investors and potential investors, Michael Gregory had  
27 not made a \$500,000.00 capital contribution to C-Quadrant.

28       31.       In connection with the offers and sales of securities, Respondents made, or caused to

1 be made, omissions of material fact to investors and potential investors, including that:

2 a. Money invested in C-Quadrant would be loaned by C-Quadrant to unrelated  
3 entities and used to pay investors in those unrelated entities. Once the unrelated entities obtained  
4 sufficient funds, the entities repaid the loan made by C-Quadrant. Investors and potential investors in  
5 GPA Enterprises and C-Quadrant were told that their investment funds would be used to operate the  
6 C-Quadrant CBD extraction business. It was not disclosed to investors and potential investors in  
7 GPA Enterprises and C-Quadrant that their investment funds would be used for the purpose of  
8 loaning money to unrelated entities so that those entities could pay their investors.

9 b. The private placement memoranda for GPA and C-Quadrant contained  
10 glowing biographies of Jeremy Johnson but failed to disclose that he had filed for Bankruptcy in  
11 2012 under Chapter 7 of the Bankruptcy Code. For example, the private placement memoranda  
12 described Jeremy Johnson as a “highly skilled sales leaders and entrepreneur” and a “seasoned expert  
13 running profitable call centers and internet start-ups.” Despite providing these descriptions in a  
14 biography, Jeremy Johnson’s 2012 bankruptcy was not disclosed.

15 32. In or about August 2021, C-Quadrant purportedly entered into “settlement and mutual  
16 release” agreements with investors, whereby some investors in C-Quadrant are to receive a return of  
17 their investment funds in exchange for releasing C-Quadrant from legal claims, known and unknown.  
18 Based on information available to the Department, it does not appear that the above alleged  
19 misrepresentations and/or omissions were adequately disclosed to investors before C-Quadrant  
20 entering into the settlement and mutual release agreements with investors.

21 Based on the foregoing findings, the Commissioner is of the opinion that the limited liability  
22 company membership units, promissory notes, and/or investment contracts offered and sold by C-  
23 Quadrant, LLC, GPA Enterprises, LLC, Green Bud Initiatives, also known as GBI Marketing, Jeremy  
24 Taylor Johnson, Anthony Todd Johnson, and Michael Gregory are securities subject to qualification  
25 under the Corporate Securities Law of 1968 and are being or have been offered or sold without first  
26 being qualified in violation of Corporations Code section 25110. Pursuant to Corporations Code  
27 section 25532, C-Quadrant, LLC, GPA Enterprises, LLC, Green Bud Initiatives, also known as GBI  
28 Marketing, Jeremy Taylor Johnson, Anthony Todd Johnson, and Michael Gregory are hereby ordered

1 to desist and refrain from the further offer and sale in the State of California of securities, including  
2 but not limited to limited liability company membership unites, promissory notes, and/or investment  
3 contracts, unless and until qualification has been made under the law, or unless exempt.

4 In addition, the Commissioner is of the opinion that C-Quadrant, LLC, GPA Enterprises,  
5 LLC, Green Bud Initiatives, also known as GBI Marketing, Jeremy Taylor Johnson, Anthony Todd  
6 Johnson, and Michael Gregory offered or sold securities in this State by means of written or oral  
7 communications which included an untrue statement of material fact or omitted to state a material  
8 fact necessary to make the statements made, in light of the circumstances under which they were  
9 made, not misleading, in violation of Corporations Code section 25401. Pursuant to Corporations  
10 Code section 25532, C-Quadrant, LLC, GPA Enterprises, LLC, Green Bud Initiatives, also known as  
11 GBI Marketing, Jeremy Taylor Johnson, Anthony Todd Johnson, and Michael Gregory is hereby  
12 ordered to desist and refrain from offering or selling or buying or offering to buy any security in the  
13 State of California, including but not limited to limited liability company membership units,  
14 promissory notes, and/or investment contracts, by means of any written or oral communication which  
15 includes an untrue statement of a material fact or omits to state a material fact necessary in order to  
16 make the statements made, in light of the circumstances under which they were made, not  
17 misleading.

18 Pursuant to Corporations Code section 25403, any person who controls or induces another  
19 person to violate a provision of the Corporate Securities Law of 1968, or any person who provides  
20 substantial assistance to another person in violation of the Corporate Securities Law of 1968, shall be  
21 liable for the violations.

22 This Order is necessary, in the public interest, for the protection of investors and consistent  
23 with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

24 Dated: November 12, 2021

CHRISTOPHER S. SHULTZ  
Acting Commissioner of Financial Protection and Innovation



25  
26  
27 By: \_\_\_\_\_  
28 MARY ANN SMITH  
Deputy Commissioner  
Enforcement Division