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Commissioner
2 MARY ANN SMITH
Deputy Commissioner
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10

11 Attorneys for Complainant

12 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
OF THE STATE OF CALIFORNIA
13

14 In the Matter of:)

15 THE COMMISSIONER OF FINANCIAL)
16 PROTECTION AND INNOVATION,)

17 Complainant,)

18 v.)

19 RONALD KEVIN FLEMING,)

20 Respondent.)

) OAH CASE NO.: 2022080331

) SETTLEMENT AGREEMENT

) HEARING DATE: December 13, 2022

) TIME: 9:00 A.M.

) LOCATION: 402 West Broadway, Suite 600
San Diego, CA 92101

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22)
23)
24 This Settlement Agreement (the Settlement Agreement) is entered between the
25 Commissioner of Financial Protection and Innovation (Commissioner) and Ronald Kevin Fleming
26 (Respondent) and is made with respect to the following facts.

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1 I.

2 Recitals

3 A. The Department of Financial Protection and Innovation (Department), through the
4 Commissioner, has jurisdiction over the licensing and regulations of persons and entities engaged in
5 the business of the offer and sale of securities under the Corporate Securities Law of 1968 (“CSL”)
6 (Cal. Corp. Code §§ 25000-25707). The Commissioner is authorized to administer and enforce the
7 provisions of the CSL.

8 B. Gratia Ventures, LLC (“Gratia”), is a Wyoming corporation that maintained addresses
9 at: 30 North Gould Street, Suite 12 Sheridan, Wyoming 82801; and 3571 East Sunset Road, Suite
10 300 Las Vegas, Nevada 89120. Gratia operated and maintained an internet website located at
11 <https://gratiaventures.com>.

12 C. Ronald Kevin Fleming (“Fleming”) was the Chief Operating Officer and a board
13 member of Gratia.

14 D. On or around October 4, 2016, the Commissioner issued a desist and refrain order
15 against Fleming and related entities Pacific Management Group, Inc. d.b.a. Grupo Pacifico GPAC,
16 SA08-13, Pacific Teak Reforestation Project, and Elite Associates Ltd. PMB (collectively “Pacific”)
17 for the offer and sale of unqualified, non-exempt securities in California in violation of Corporations
18 Code section 25110 (“2016 Desist and Refrain Order”). Further, the Commissioner found that in
19 connection with the offer and sale of securities, Fleming and Pacific made, or caused to be made,
20 misrepresentations of material fact or omitted to state material facts necessary in order to make the
21 statements made, in light of the circumstances under which they were made, not misleading in
22 violation of Corporations Code section 25401.

23 E. On or around October 10, 2016, Fleming was served with the 2016 Desist and Refrain
24 Order. Fleming did not contest the 2016 Desist and Refrain Order, and therefore it is final.

25 F. On June 17, 2022, the Commissioner issued a desist and refrain order against Fleming
26 and Gratia (2022 Desist and Refrain Order) for failing to disclose material facts in connection with
27 the offer and sale of securities, in violation of Corporations Code section 25401. These
28 misrepresentations and omissions were the following:

- 1 i. Respondent omitted to inform investors of the 2016 Desist and Refrain Order;
- 2 ii. Respondent misrepresented to investors that Gratia would purchase a public
- 3 company and manufacture or sell CBD products to the public; and
- 4 iii. Respondent misrepresented to investors that they can exercise their conversion
- 5 rights under the convertible note upon request.

6 G. On July 14, 2022, the 2022 Desist and Refrain Order was personally served on
7 Fleming and he timely requested an administrative hearing. The administrative hearing is currently
8 set to begin before the Office of Administrative Hearings (“OAH”) on December 13, 2022, OAH
9 case number 2022080331.

10 H. The Commissioner and Respondent intend to resolve this matter amicably without the
11 necessity of a hearing or other litigation. Respondent, by entering into this Settlement Agreement, do
12 not admit or deny the Commissioner’s findings or conclusions of law.

13 NOW, THEREFORE, in consideration of the foregoing, and the terms and conditions
14 contained herein, the Commissioner and Respondent (the Parties) agree as follows:

15 **II.**
16 **Terms and Conditions**

17 1. Purpose. This Settlement Agreement resolves this matter in a matter that avoids the
18 expense of a hearing and other possible court proceedings, protects investors, is in the public interest,
19 and is consistent with the purposes, policies, and provisions of the CSL.

20 2. Final Desist and Refrain Order. Respondent stipulate to the finality of the 2022 Desist
21 and Refrain Order, and agrees to desist and refrain from offering or selling or buying or offering to
22 buy any security in the State of California by means of any written or oral communication which
23 includes an untrue statement of a material fact, or omits to state a material fact necessary in order to
24 make the statements made, in light of the circumstances under which they were made, not
25 misleading. The 2022 Desist and Refrain Order is deemed final from the Effective Date of this
26 Settlement Agreement, as defined in paragraph 22.

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1 3. Penalty. Respondent agrees to pay the Commissioner an administrative penalty of
2 \$1,000 (“Penalty”) by four (4) monthly installment payments of two hundred-fifty dollars (\$250.00).
3 Each payment shall be made on or before the following dates: December 12, 2022; January 12, 2023;
4 February 12, 2023; and March 12, 2023. The Penalty shall be made payable in the form of a cashier’s
5 check or Automated Clearing House deposit payable to the “Department of Financial Protection and
6 Innovation” and transmitted to the attention of “Accounting – Litigation” at the Department of
7 Financial Protection and Innovation, 2101 Arena Boulevard, Sacramento, California 95834-2036.
8 Notice of each payment shall be forwarded to Vanessa T. Lu, Senior Counsel, Department of
9 Financial Protection and Innovation, Enforcement Division, via email at: Vanessa.Lu@dfpi.ca.gov.

10 4. Waiver of Hearing Rights. Respondent agrees that this Settlement Agreement shall
11 have the effect of withdrawing his request for an administrative hearing on the matter set forth herein.
12 Fleming acknowledges his right to an administrative hearing under the CSL in connection with the
13 2022 Desist and Refrain Order and hereby waives such right to a hearing and to any reconsideration,
14 appeal, or other rights which may be afforded him under the CSL, the Administrative Procedure Act
15 (Cal. Gov. Code §§ 11370-11501), the Cal. Code of Civil Procedure (Cal. Code Civ. Proc. §§ 1-
16 9566), or any provision of law in connection with this matter.

17 5. Full and Final Settlement. The Parties hereby acknowledge and agree that this
18 Settlement Agreement is intended to constitute a full, final, and complete resolution of the 2022
19 Desist and Refrain Order as identified herein. No further proceedings or actions will be brought by
20 the Commissioner in connection with these matters under the CSL, or any other provision of law,
21 excepting therefrom any proceeding to enforce compliance with the terms of this Settlement
22 Agreement.

23 6. Information Willfully Withheld. The Settlement Agreement may be revoked and the
24 Commissioner may pursue any and all remedies available under law against Respondent if the
25 Commissioner discovers that the Respondent knowingly or willfully withheld or misrepresented
26 information used for and relied upon in this Settlement Agreement.

27 7. Future Actions by Commissioner. If Respondent fails to comply with any term of the
28 Settlement Agreement, violates the 2016 and 2022 Desist and Refrain Orders, he agrees that the facts

1 in the 2016 and 2022 Desist and Refrain Orders are admitted for the purpose of proving a violation of
2 this Settlement Agreement and the 2016 and 2022 Desist and Refrain Orders. The Respondent further
3 agrees that the Commissioner may institute proceedings for any and all violations otherwise
4 unresolved under this Settlement Agreement. The Commissioner reserves the right to bring any
5 future actions against the Respondent, or any of his partners, owners, officers, shareholders, directors,
6 employees, or successors, for any violations of the CSL, other than any violations related to those
7 matters which are the subject of the 2016 and 2022 Desist and Refrain Orders as identified herein.

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

12 9. Independent Legal Advice. Each of the Parties represents, warrants, and agrees that
13 he, she, or it has received independent advice from its attorney(s) or representative(s) with respect to
14 the advisability of executing the Settlement Agreement.

15 10. Headings. The headings to the paragraphs of this Settlement Agreement are inserted
16 for convenience only and will not be deemed a part of hereof or affect the construction or
17 interpretation of the provisions hereof.

18 11. Binding. This Settlement Agreement is binding on all heirs, assigns, and/or successors
19 in interest.

20 12. Reliance. Each of the Parties represents, warrants, and agrees that in executing this
21 Settlement Agreement it has relied solely on the statements set forth herein and the advice of its own
22 counsel. Each of the Parties further represents, warrants, and agrees that in executing this Settlement
23 Agreement it has placed no reliance on any statement, representation, or promise of any party, or any
24 other person or entity not expressly set forth herein, or upon the failure of any party or any other
25 person or entity to make any statement, representation or disclosure of anything whatsoever. The
26 Parties have included this clause: (1) to preclude any claim that any party was in any way
27 fraudulently included to execute this Settlement Agreement; and (2) to preclude the introduction of
28 parol evidence to vary, interpret, supplement, or contradict the terms of this Settlement Agreement.

1 13. Waiver, Amendments, and Modifications. No waiver, amendment, or modification of
2 this Settlement Agreement will be valid or binding unless it is in writing and signed by each of the
3 Parties. The waiver of any provision of this Settlement Agreement will not be deemed a waiver of
4 any other provision. No waiver by either party of any breach of, or of compliance with, any condition
5 or provision of this Settlement Agreement by the other party will be considered a waiver of any other
6 condition or provision or of the same condition or provision at another time.

7 14. Full Integration. This Settlement Agreement is the final written express and the
8 complete and exclusive statement of all agreements, conditions, promises, representations, and
9 covenant 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 15. Governing Law. This Settlement Agreement will be governed by and construed in
14 accordance with California law. Each of the Parties hereto consents to the jurisdiction of such court,
15 and hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient
16 forum to the maintenance of such action or proceeding in such court.

17 16. Counterparts. This Settlement Agreement may be executed in one or more separate
18 counterparts, each of which when so executed, shall be deemed as an original. Such counterparts
19 shall together constitute a single document.

20 17. Effect Upon Future Proceedings. If Respondent applies for any license, permit or
21 qualification under the Commissioner's current or future jurisdiction, or is the subject of any future
22 action by the Commissioner to enforce this Settlement Agreement, then the subject matter hereof
23 shall be admitted for the purpose of such application(s) or enforcement proceeding(s).

24 18. Voluntary Agreement. Respondent enters into this Settlement Agreement voluntarily
25 and without coercion and acknowledges that no promises, threats, or assurances have been made by
26 the Commissioner or any officer, or agent thereof, about this Settlement Agreement. The Parties each
27 represent and acknowledge that he, she, or it is executing this Settlement Agreement completely
28 voluntarily and without any duress or undue influence of any kind from any source.

1 19. Notice. Any notices required under the Settlement Agreement shall be provided to
2 each party at the following addresses:

3 To Respondent: Ronald Kevin Fleming
4 Attention: Michael E. Cindrich, Esq.
5 Counsel for Respondent
6 The Law Offices of Michael E. Cindrich, APC
7 225 Broadway, Suite 2100
8 San Diego, CA 92101
9 Mike@MichaelCindrich.com

10 To the Commissioner: Vanessa T. Lu, Senior Counsel
11 Department of Financial Protection and Innovation
12 1455 Frazee Road, Suite 315
13 San Diego, CA 92108
14 Vanessa.Lu@dfpi.ca.gov

15 20. Signatures. A fax or electronic mail signature shall be deemed the same as an original
16 signature.

17 21. Public Record. Respondent hereby acknowledges that this Settlement Agreement is
18 and will be a matter of public record.

19 22. Effective Date. This Settlement Agreement shall become final and effective when
20 signed by all parties and delivered by the Commissioner’s counsel via e-mail to the Respondent’s
21 counsel, Michael E. Cindrich, at Mike@MichaelCindrich.com.

22 23. Authority to Sign. Each signatory hereto covenants that he or she possess all necessary
23 capacity and authority to sign and enter into this Settlement Agreement and undertake the obligations
24 set forth herein.

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1 IN WITNESS WHEREOF, the Parties hereto have approved and executed the Settlement
2 Agreement on the dates set forth opposite of their respective signatures.

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4 Dated: December 7, 2022

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation



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

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13 Dated: December 7, 2022

By _____
RONALD KEVIN FLEMING, as an individual

14
15 APPROVED AS TO FORM:

16
17 _____
18 Michael E. Cindrich, Esq,
19 Counsel for Respondent Ronald Kevin Fleming