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10 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
11 OF THE STATE OF CALIFORNIA

12 In the Matter of

OAH Case No. 2023030190

13 THE COMMISSIONER OF FINANCIAL
PROTECTION AND INNOVATION OF THE
14 STATE OF CALIFORNIA

Agency Case No. 11725

SETTLEMENT AGREEMENT

15 Complainant,

16 v.

17 RELIANT LIFE SHARES, LLC

18 Respondent.

19
20 The Commissioner of Financial Protection and Innovation (Commissioner) and Reliant Life
21 Shares, LLC (Respondent) (together, the Parties) enter this Settlement Agreement (Agreement) with
22 respect to the following facts:

23 **I. RECITALS**

24 A. The Commissioner is authorized to administer and enforce the Corporate Securities
25 Law of 1968 (Cal. Corp. Code §§ 25000 et seq.) (CSL) and related regulations.

26 B. At all relevant times, Reliant Life Shares, LLC is and was a California limited
27 liability company with a principal place of business at 15260 Ventura Boulevard, Suite 1200,
28 Sherman Oaks, California 91403.

1 C. Respondent engages and has engaged in the business of offering and selling
2 securities in California in the form of fractional investments in life settlement contracts.

3 D. On December 14, 2022, the Commissioner issued a Desist and Refrain Order (Order)
4 to Respondent pursuant to Corporations Code section 25532 finding that Respondent and its agents
5 offered or sold securities in California by means of oral or written communications which included
6 untrue statements of material facts or omitted to state material facts necessary in order to make the
7 statements made, in the light of the circumstances under which they were made, not misleading, in
8 violation of Corporations Code section 25401, as more specifically set forth in the Order (Sale
9 Issues).

10 E. Respondent timely requested a hearing on the Order and waived its right to an
11 administrative hearing within 15 business days. The matter is presently set before the Office of
12 Administrative Hearings on July 27, 2023.

13 F. Respondent, without admitting or denying the matters in the Order, seeks to resolve the
14 concerns of the Commissioner by entering into this Agreement.

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

17 **II. TERMS AND CONDITIONS**

18 1. Purpose. This Agreement resolves the issues before the Commissioner as set forth
19 above, in a manner that avoids the expense of a hearing and other possible court proceedings,
20 protects consumers, is in the public interest, and is consistent with the purposes, policies, and
21 provisions of the CSL.

22 2. Stipulation to Finality. Respondent stipulates to the finality of the Order and this
23 Agreement and agrees to comply with their terms.

24 3. Corrective Measures. Respondent shall implement the following corrective measures
25 to address the Sales Issues:

- 26 a. Respondent will provide potential investors with actual performance reports for
27 Respondent’s entire matured portfolio prior to accepting any investments;
- 28 b. Respondent will obtain an acknowledgment that this additional disclosure, or

- 1 context document, has been discussed and understood by the potential investor;
- 2 c. Respondent will provide additional training and training materials for all of its
- 3 agents on risks associated with investments in fractional life settlements and
- 4 estimated life expectancy;
- 5 d. Respondent will meet with the specific agents identified by DFPI that are still
- 6 with Respondent to address the identified statements and other representations
- 7 regarding performance of life settlement interests, and to engage in an ongoing
- 8 monitoring process;
- 9 e. Respondent will no longer use the “bell curve” image and statements found in its
- 10 marketing materials that represent a generic distribution of life expectancy, and if
- 11 Respondent uses a “bell curve” illustration it will reflect Respondent’s actual past
- 12 performance; and,
- 13 f. These terms shall apply to any related entities, including but not limited to RLS
- 14 Financial Services, Inc.

15 4. Waiver of Hearing Rights. Respondent acknowledges that the Commissioner is ready,

16 willing and able to proceed with the administrative action described above, and Respondent hereby

17 waives the right to a hearing, and to any reconsideration, appeal, or other right to review which may

18 be afforded pursuant to the CSL including those rights under California Corporations Code sections

19 25232, 25232.1 and 25233, and to judicial review of this matter pursuant to California Code of Civil

20 Procedure section 1094.5 with respect to this Agreement and Order; the California Administrative

21 Procedure Act, the California Code of Civil Procedure, or any other provision of law; and by

22 waiving such rights, Respondent effectively consents to this Agreement and the Order becoming

23 final.

24 5. Full and Final Settlement. The Parties hereby acknowledge and agree that this

25 Agreement is intended to constitute a full, final, and complete resolution of the Sales Issues, and that

26 no further proceedings or actions will be brought by the Commissioner in connection with the Sales

27 Issues, excepting therefrom any proceeding to enforce compliance with the terms of this Agreement.

28 Subject to Respondent’s compliance with the terms of this Agreement and the Order including not

1 making material misrepresentations or omissions, nothing in this Agreement or the Order prohibits
2 Respondent from engaging in the business of offering and selling qualified or exempt securities in
3 California including fractional investments in life settlement contracts.

4 6. Information Willfully Withheld or Misrepresented. This Agreement may be revoked
5 and the Commissioner may pursue any and all remedies available under law against Respondent if
6 the Commissioner discovers that knowingly or willfully withheld or misrepresented information
7 used for and relied upon in this Agreement.

8 7. Future Actions by Commissioner. If Respondent fails to comply with any terms of the
9 Agreement, the Commissioner may institute proceedings for any and all violations otherwise
10 resolved under this Agreement. The Commissioner reserves the right to bring any future actions
11 against Respondent, or any of its partners, owners, officers, shareholders, directors, employees, or
12 successors for any and all violations, known or unknown, of the CSL.

13 8. Assisting Other Agencies. Nothing in this Agreement limits the Commissioner’s
14 ability to assist any other government agency (city, county, state, or federal) with any prosecution,
15 administrative, civil or criminal brought by that agency against Respondent or any other person
16 based upon any of the activities alleged in this matter or otherwise.

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

20 10. Binding. This Agreement is binding on all heirs, assigns, and/or successors in interest.

21 11. Waiver, Amendments, and Modifications. No waiver, amendment, or modification of
22 this Agreement will be valid or binding unless it is in writing and signed by each of the Parties. The
23 waiver of any provision of this Agreement will not be deemed a waiver of any other provision. No
24 waiver by either party of any breach of, or of compliance with, any condition or provision of this
25 Agreement by the other party will be considered a waiver of any other condition or provision or of
26 the same condition or provision at another time.

27 12. Full Integration. This Agreement is the final written expression and the complete and
28 exclusive statement of all the agreements, conditions, promises, representations, and covenant

1 between the parties with respect to the subject matter hereof, and supersedes all prior or
2 contemporaneous agreements, negotiations, representations, understandings, and discussions
3 between and among the parties, their respective representatives, and any other person or entity, with
4 respect to the subject matter covered hereby.

5 13. Governing Law. This Agreement will be governed by and construed in accordance
6 with California law. Each of the parties hereto consents to the jurisdiction of the Los Angeles
7 Superior Court should any civil action or proceeding be brought regarding this Agreement, and
8 hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient
9 forum to the maintenance of such action or proceeding in such court.

10 14. Effect Upon Future Proceedings. If Respondent applies for any license, permit or
11 qualification under the Commissioner's current or future jurisdiction or is the subject of any future
12 action by the Commissioner to enforce this Agreement, then the subject matter hereof shall be
13 admitted for the purpose of such application(s) or enforcement proceedings(s).

14 15. Voluntary Agreement. Respondent enters this Agreement voluntarily and without
15 coercion and acknowledges that no promises, threats or assurances have been made by the
16 Commissioner or any officer, counsel, or agent thereof, about this Agreement. The Parties each
17 represent and acknowledge that they are executing this Agreement completely voluntarily and
18 without any duress or undue influence of any kind from any source.

19 16. Public Record. Respondent hereby acknowledges that this Agreement is a matter of
20 public record.

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

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

26 19. Effective Date. This Agreement shall become final and effective when signed by all
27 Parties and delivered by the Commissioner's counsel via e-mail to Scott L. Grady at
28 Scott@ReliantLifeShares.com.

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20. Authority to Sign. Each signatory hereto covenants that such signatory possesses all necessary capacity and authority to sign and enter into this Agreement and undertake the obligations set forth herein.

Dated: July 19, 2023

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation

By _____
Mary Ann Smith
Deputy Commissioner, Enforcement

Dated: July 19, 2023

RELIANT LIFE SHARES, LLC

By _____
Scott Grady
President, Reliant Life Shares, LLC