

1 CLOTHILDE V. HEWLETT  
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Deputy Commissioner  
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5  
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10 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION  
11 OF THE STATE OF CALIFORNIA

12 In the Matter of:

13 THE COMMISSIONER OF FINANCIAL  
PROTECTION AND INNOVATION,

14 Complainant,

15 v.

16 WEST COAST SETTLEMENTS LLC, and  
17 JOHN MURATORE,

18 Respondents.

DESIST AND REFRAIN ORDER  
PURSUANT TO CALIFORNIA  
CORPORATIONS CODE SECTION 25532;

CLAIM FOR ANCILLARY RELIEF  
PURSUANT TO CALIFORNIA  
CORPORATIONS CODE SECTION 25532;

19 AND

ORDER TO DISCONTINUE VIOLATIONS  
PURSUANT TO CALIFORNIA  
CORPORATIONS CODE SECTION 25249

20  
21 The Commissioner of Financial Protection and Innovation (Commissioner) is informed and  
22 believes, and based upon such information and believe, alleges and charges as follows:

23 **I.**

24 **FACTUAL BACKGROUND**

25 1. At all relevant times, West Coast Settlements LLC (The Fund), is and was a California  
26 limited liability company located at 17011 Beach Blvd, Suite 900, Huntington Beach, California  
27 92647.

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1           2.       At all relevant times, John Muratore (Muratore or Manager), is and was the managing  
2 member of The Fund.

3           3.       The Fund and Muratore are collectively referred to as Respondents.

4           4.       Between July 2019 through December 2021, Respondents offered and sold securities  
5 in the form of membership interests in the Fund.

6           5.       The Fund's Private Placement Memorandum (PPM) for these securities told investors  
7 and prospective investors that The Fund would use the proceeds of its offering to acquire a Life  
8 Settlement Portfolio of up to 30 individual Life Settlement Contracts. In addition, the PPM indicated  
9 that the Manager had broad discretion in the priority, timing, and allocation of funds raised from the  
10 offering and was responsible for third party relationship management, due diligence, and monitoring  
11 of the Fund's investments.

12          6.       The securities were offered or sold in this state in issuer transactions. The Department  
13 of Financial Protection and Innovation has not issued a permit or other form of qualification  
14 authorizing any person to offer or sell these securities in this state and the securities are not exempt  
15 from qualification.

16          7.       Between July 2019 through December 2021, Respondents and their agents sold  
17 securities to at least 102 investors, residing in California and elsewhere, in at least 102 separate  
18 transactions. Respondents raised at least \$9,991,137.27 from investors.

19          8.       In connection with the offers and sales of securities, Respondents omitted to disclose  
20 material facts to investors and potential investors, including that John Muratore was using investor  
21 money to lease luxury automobiles and pay medical expenses, spending at least \$103,882.24 for  
22 personal items.

23          9.       Between July 2019 through December 2021, Muratore provided investment advisory  
24 services to at least one client, The Fund, residing in California, collecting at least \$211,596.51 in  
25 management fees.

26          10.       At all relevant times, Muratore never held a broker-dealer certificate nor an investment  
27 adviser certificate, pursuant to Corporations Code sections 25210 and 25230.

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1 statement of a material fact or omits to state a material fact necessary in order to make the statements  
2 made, in the light of the circumstances under which they were made, not misleading.

3 17. Further, the Commissioner is of the opinion that John Muratore has conducted  
4 business as an investment adviser in this state without first securing from the Commissioner a  
5 certificate, authorizing them to do so, in violation of Corporations Code section 25230.

6 18. Pursuant to California Corporations Code section 25532, John Muratore is hereby  
7 ordered to desist and refrain from acting as an investment adviser in the State of California unless and  
8 until he has first applied for and secured from the Commissioner a certificate, authorizing them to act  
9 as an investment adviser, or unless exempt.

10 **III.**

11 **CLAIM FOR ANCILLARY RELIEF IN THE FORM OF DISGORGEMENT AND**  
12 **RESTITUTION**

13 Complainant re-alleges and reincorporates by reference, as set forth fully above in  
14 paragraphs 1 to 18.

15 Corporations Code section 25532 authorizes the Commissioner to seek ancillary relief on  
16 behalf of any person injured by violations of any provision of the Corporations Code and any rules  
17 promulgated thereunder.

18 Based on the foregoing findings, the Commissioner finds that the John Muratore collected  
19 from the California pooled investment vehicle, while engaged in unregistered investment advisory  
20 activities, in an amount of \$211,596.51, in violation of Corporations Code sections 25230.

21 In addition, the Commissioner finds that John Muratore used at least \$103,882.24 of investor  
22 funds for personal reasons such as luxury automobile leases, and medical expenses.

23 WHEREFORE, good cause showing and the Commissioner's determination that this action is  
24 in the public interest and necessary to effectuate the Department's primary, legitimate, regulatory  
25 purpose based upon the John Muratore's violations of the Corporations Code, the Commissioner  
26 hereby prays for an order of ancillary relief pursuant to Corporation Code section 25532, against John  
27 Muratore as follows:

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1 A) Full Disgorgement, consisting of the total investment advisory fees collected by John  
2 Muratore, in the amount of \$211,596.51 or according to proof.

3 B) Restitution, consisting of investor funds that were used by John Muratore, for his own  
4 personal use, in the amount of \$103,882.24, or according to proof

5 **IV.**

6 **ORDER TO DISCONTINUE VIOLATIONS**

7 Complainant re-alleges and reincorporates by reference, as set forth fully above in paragraphs  
8 1 to 18.

9 Pursuant to Corporations Code section 25235 (a), it is unlawful for an investment adviser to  
10 employ any device, scheme, or artifice to defraud any client or prospective client.

11 Pursuant to Corporations Code section 25235 (d), it is unlawful for any investment adviser,  
12 directly or indirectly, in this state to engage in any act, practice, or course of business which is  
13 fraudulent, deceptive, or manipulative. The commissioner shall, for the purpose of this subdivision,  
14 by rule define and prescribe means reasonably designed to prevent such acts, practices, and courses  
15 of business as are fraudulent, deceptive, or manipulative.

16 Pursuant to CCR section 260.237, it is unlawful and deemed to be a fraudulent, deceptive, or  
17 manipulative act, practice or course of business within the meaning of Corporations Code section  
18 25235 for an investment adviser licensed or required to be licensed, to have custody of client funds or  
19 securities unless specific safekeeping requirements are followed.

20 Based on the forgoing findings, the Commissioner is of the opinion that Muratore employed a  
21 scheme to defraud clients, by using investor funds for his own personal use, totaling \$103,882.24.

22 In addition, the Commissioner is of the opinion that Muratore had custody of client funds and  
23 securities, but failed to follow the safekeeping requirements, between July 2019 through December  
24 2021, in violation of Corporations Code section 25235 and CCR section 260.237.

25 Pursuant to Corporations Code section 25249, John Muratore is hereby ordered to discontinue  
26 violations of Corporations Code section 25235 (a) and 25235 (d). This order shall become effective  
27 immediately but shall not become final, except in accordance with the provisions of Corporations  
28 Code section 25251.

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V.

**CONCLUSION**

Based upon the foregoing, the Commissioner finds that grounds exist, and that it is in the public interest, to issue the following orders: (1) desist and refrain order against The Fund and Muratore; (2) claim for ancillary relief against Muratore, in the form of disgorgement totaling \$211,596.51, and restitution totaling \$103,882.24; and (3) order to discontinue violations against Muratore. The Commissioner hereby notifies West Coast Settlements LLC and John Muratore of her intention to make such orders final.

These Orders are necessary, in the public interest, for the protection of investors, and consistent with the purposes, policies, and provisions of the CSL.

DATED: December 19, 2023  
Sacramento, California

CLOTHILDE V. HEWLETT  
Commissioner of Financial Protection and Innovation



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