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9 Attorneys for Complainant

10 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
11 OF THE STATE OF CALIFORNIA
12

13	In the Matter of:)	OAH CASE NO.: 2016010276
14	THE COMMISSIONER OF BUSINESS)	
15	OVERSIGHT,)	SETTLEMENT AGREEMENT
16	Complainant,)	
17	v.)	Hearing Date: May 6-10, 2019
18	STEVE CHEN, LEONARD STACY)	Hearing Time: 9:00 a.m.
19	JOHNSON, and WEIWEN (WAYNE) ZHAO,)	Location: Office of Administrative Hearings
20	Respondents.)	320 West 4th Street, Suite 630
)	Los Angeles, California 90013
)	Assigned: Hon. Goldsby
)	
)	

21 This Settlement Agreement is entered into between the Commissioner of Business Oversight
22 (Commissioner) and Respondents Steve Chen (Chen), Leonard Stacy Johnson (Johnson) and
23 Weiwen Zhao (Zhao, and, collectively with Chen and Johnson, Respondents) and is made with
24 respect to the following facts:

25 **Recitals**

26 A. The Commissioner has jurisdiction over the licensing and regulation of persons and
27 entities under the provisions of the California Corporate Securities Law (CSL) of 1968 (Corp.
28 Code, § 25000 et seq.).

1 B. On October 1, 2015, the Commissioner issued a Desist and Refrain Order (Order)
2 against Respondents, amongst others, for violations of Corporations Code sections 25110 and
3 25401.

4 C. The Commissioner properly served the Order on Respondents on or around October
5 29, 2015.

6 D. On November 25, 2015, Respondents timely requested a hearing on the Order.

7 E. On September 6, 2018, the Commissioner issued an Amended Desist and Refrain
8 Order (Amended Order).

9 F. The Commissioner properly served the Amended Order on Respondents on or
10 around September 8, 2018.

11 G. A hearing on the Amended Order is currently set to be held at the Office of
12 Administrative Hearings, Los Angeles beginning on May 6, 2019.

13 It is the intention of the parties to resolve this matter without the necessity of a hearing or
14 other litigation.

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

17 **Terms and Conditions**

18 1. Purpose. The Commissioner finds that entering into this Settlement Agreement is in
19 the public interest and consistent with the purposes fairly intended by the policies and provisions of
20 the CSL.

21 2. Withdrawal of Request for Hearing and Waiver of Hearing Rights. Without
22 admitting or denying the allegations contained in the Order and the Amended Order, Chen,
23 Johnson and Zhao each agree to withdraw their requests for an administrative hearing on the
24 Order and the Amended Order. Chen, Johnson and Zhao each acknowledge their right under the
25 CSL to an administrative hearing on the Order and the Amended Order and hereby waive such right
26 to a hearing and to any reconsideration, appeal, injunction, or other review that may be afforded
27 under the CSL; Administrative Procedure Act, including Government Code section 11415.60,
28 subdivision (b); Code of Civil Procedure; or any other provision of law.

1 3. Orders. By waiving their rights as described in Paragraph 2 above, Chen, Johnson
2 and Zhao each understand, acknowledge and consent to the finality of the Order and the Amended
3 Order.

4 4. Full and Final Resolution. This Settlement Agreement is intended to constitute a full
5 and final resolution of the violations described in the Order and the Amended Order. The
6 Commissioner will not bring any further action or proceeding concerning the subject matter
7 described in the Order and the Amended Order, including but not limited to any action or
8 proceeding of any kind seeking any penalty, cost of prosecution, or monetary relief based on,
9 arising out of, or related to the subject matter of the Order and the Amended Order, unless she
10 discovers violations by Respondents that do not form the basis for this Settlement Agreement,
11 including violations knowingly concealed from the Commissioner.

12 5. Commissioner’s Duties. Nothing in this Settlement Agreement limits the
13 Commissioner’s ability to assist any other government agency with any action brought by that
14 agency (city, county, state or federal) with any prosecution, administrative, civil, and/or criminal
15 brought by any such agency against Respondents, including an action based on any of the acts,
16 omissions, or events described in this Settlement Agreement.

17 6. Independent Legal Advice. Each party represents that it has received independent
18 advice from its counsel or representatives regarding the advisability of executing this Settlement
19 Agreement.

20 7. Reliance. Each party represents that in executing this Settlement Agreement it has
21 relied solely on the statements in the Settlement Agreement and on the advice of its counsel or
22 representatives. Each party also represents that it has not relied on any statement or promise not
23 contained in this Settlement Agreement from any other person or on the failure of such person to
24 make a statement or promise. The parties have included this clause to preclude any claim that a
25 party was fraudulently induced to execute this Settlement Agreement.

26 8. Integration. This Settlement Agreement is the final written expression and the
27 complete and exclusive statement of all the agreements, conditions, promises, representations, and
28 covenants between the parties concerning its subject matter and supersedes all discussion regarding

1 such subject matter between the parties, their representatives, and any other person. The parties
2 have included this clause to preclude the introduction of parol evidence to vary, interpret,
3 supplement, or contradict the terms of this Settlement Agreement.

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

11 10. Waiver, Amendments, and Modifications. No waiver, amendment, or modification
12 of this Settlement Agreement will be valid or binding unless it is in writing and signed by all parties
13 affected by it. Waiver of a provision of this Settlement Agreement will not be deemed a waiver of
14 any other provision.

15 11. Third Party Actions. It is the intent and understanding between the parties that this
16 Settlement Agreement does not create any private rights or remedies against the Respondents or
17 create any liability for the Respondents or limits defenses of the Respondents against any person or
18 entity not a party to this Settlement Agreement.

19 12. Headings. The headings in this Settlement Agreement are for convenience only and
20 do not affect its meaning.

21 13. Governing Law. This Settlement Agreement will be governed by and construed in
22 accordance with the laws of the State of California.

23 14. Authority to Sign. Each party represents that the person signing this Settlement
24 Agreement on its behalf has the authority and capacity to do so.

25 15. Voluntary Agreement. Each of the Respondents enter into this Settlement
26 Agreement voluntarily and without coercion and acknowledges that no promises, threats, or
27 assurances about this Settlement Agreement have been made by the Commissioner or any of her
28 officers or agents.

1 16. Counterparts. This Settlement Agreement may be executed in any number of
2 counterparts, each of which will be deemed an original when executed. All counterparts together
3 will be deemed to constitute a single document.

4 17. Signatures. A signature delivered by facsimile or electronic mail will be deemed an
5 original signature.

6 18. Effective Date. This Settlement Agreement will become effective on the date it is
7 signed by all parties and delivered by the Commissioner to Respondents’ counsel by electronic mail
8 at grant.gelberg@hygmlaw.com, mwilliams@cohen-williams.com, and kmiller@birdmarella.com.

9
10 Dated: 12/5/18

JAN LYNN OWEN
Commissioner of Business Oversight

11
12 By: _____
13 MARY ANN SMITH
14 Deputy Commissioner
15 Enforcement Division

16 Dated: 12/3/18

17 By: _____
18 STEVE CHEN
19 Respondent

20 Dated: 11/30/18

21 By: _____
22 LEONARD STACY JOHNSON
23 Respondent

24 Dated: 12/3/18

25 By: _____
26 WEIWEN (WAYNE) ZHAO
27 Respondent
28

1 Approved as to form:

2 Dated: 12/5/18

3 By: _____
4 Grant Gelberg, Esq.
5 Huang Ybarra Gelberg & May LLP
6 Counsel on behalf of Leonard Stacy Johnson

7 Dated: 12/5/18

8 By: _____
9 Marc S. Williams, Esq.
10 Cohen Williams LLP
11 Counsel on behalf of Weiwen (Wayne) Zhao

12 Dated: 12/5/18

13 By: _____
14 Jeremy D. Matz, Esq.
15 Bird, Marella, Boxer, Wolpert, Nessim, Drooks,
16 Lincenberg & Rhow, P.C.
17 Counsel on behalf of Steve Chen

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