1 2	MARY ANN SMITH Deputy Commissioner SEAN M. ROONEY						
3	Assistant Chief Counsel ADAM J. WRIGHT (State Bar No. 262378)						
4	Senior Counsel VANESSA T. LU (State Bar No. 295217)						
5	Counsel JEREMY F. KOO (State Bar No. 300225) Counsel						
6	Department of Business Oversight 320 West 4th Street, Suite 750						
7 8	Los Angeles, California 90013 Telephone: (213) 576-7683 Facsimile: (213) 576-7181						
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 N	O.: 2016010276				
14	THE COMMISSIONER OF BUSINESS OVERSIGHT,)) SETTLEMENT AGREEMENT					
15 16	Complainant, v.) Hearing Date:) Hearing Time:	May 6-10, 2019 9:00 a.m.				
17	STEVE CHEN, LEONARD STACY JOHNSON, and WEIWEN (WAYNE) ZHAO,	Location: Office of Administrative He 320 West 4th Street, Suite 6 Los Angeles, California 900					
18 19	Respondents.)) Assigned:)	Hon. Goldsby				
20)					
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.				
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3. <u>Orders</u>. By waiving their rights as described in Paragraph 2 above, Chen, Johnson and Zhao each understand, acknowledge and consent to the finality of the Order and the Amended Order.

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

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

6. <u>Independent Legal Advice</u>. Each party represents that it has received independent advice from its counsel or representatives regarding the advisability of executing this Settlement Agreement.

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

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

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

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

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

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

12.Headings.Headings.The headings in this Settlement Agreement are for convenience only anddo not affect its meaning.

13. <u>Governing Law</u>. This Settlement Agreement will be governed by and construed in accordance with the laws of the State of California.

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

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

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

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

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

10 11	Dated:	12/5/18	JAN LYNN OWEN Commissioner of Business Oversight
12			Bv [.]
13			By: MARY ANN SMITH Deputy Commissioner Enforcement Division
14 15			Enforcement Division
16			
17	Dated:	12/3/18	By: STEVE CHEN
18			Respondent
19		11/20/10	D
20	Dated:	11/30/18	By: LEONARD STACY JOHNSON Respondent
21 22			respondent
23	Dated:	12/3/18	
24			By: WEIWEN (WAYNE) ZHAO
25			Respondent
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27 28			
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	SETTLEMENT AGREEMENT		

