STATE OF WISCONSIN
Before the
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES

In the Matter of RICHARD FREELAND, Respondent.	CONSENT ORDER TO CEASE AND DESIST AND FOR DISGORGEMENT DFI Case Numbers S-234003 (EX) & S-236002 (EX)

I.

WHEREAS, the Administrator of the State of Wisconsin, Department of Financial Institutions, Division of Securities (the "Division") issued a summary order on August 19, 2019 (the "Summary Order") against Richard Freeland ("Respondent"). A true and accurate copy of the Summary Order is attached as Exhibit A.

WHEREAS, the Administrator received a timely petition for hearing from Respondent to contest the Summary Order. A true and accurate copy of Respondent's petition for hearing is attached as Exhibit B. The Administrator appointed a hearing examiner, and a hearing to review the matters alleged in the Summary Order was scheduled to commence on January 27, 2020 in the city of Madison, Wisconsin.

WHEREAS, the Division acting by and through counsel and Respondent, for the purpose of full and final settlement of the matters alleged in the Summary Order, have agreed to entry of this Consent Order without a hearing or adjudication of any issue of law or fact therein, pursuant to s. 227.44(5), Stats.

WHEREAS, the Division and Respondent having requested the Administrator or appointed hearing examiner to enter this Consent Order.

THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED as follows:

II.

JURISDICTION AND AUTHORITY

1. This is an action by the Administrator under ch. 551, Stats., and the rules and forms adopted under this chapter (the "Wisconsin Uniform Securities Law"). Pursuant to the Wisconsin Uniform Securities Law, the Administrator has the authority to seek the relief contained herein.

2. The Summary Order states allegations upon which relief may be granted against Respondents under the Wisconsin Uniform Securities Law.

3. The Summary Order provides a sufficient basis to confer upon the Administrator jurisdiction of the subject matter of this case and all the parties hereto, and venue in the state of Wisconsin is proper.

4. The findings of fact and conclusions of law of the Summary Order are adopted herein to the extent necessary to issue the below orders.

5. Entry of this Consent Order is necessary and appropriate in the public interest and for the protection of investors.

III.

ORDERS

IT IS ORDERED that:

a. Respondent, his agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of Respondent, shall cease and desist from engaging in the act of making or causing to be made to any person in the state of Wisconsin, any offer or sale of securities until such securities are qualified as covered or registered securities under the Wisconsin Uniform Securities Law.

b. All exemptions from registration set forth in the Wisconsin Uniform Securities Law that may otherwise apply to any sale or offer to sale of securities by Respondent, are hereby revoked.

c. Respondent, his successors, affiliates, controlling persons, officers, agents, servants, employees and every entity and person directly or indirectly controlled or hereafter organized by or on behalf of Respondent, are prohibited from violating any provision of Ch. 551 or successor statute that might otherwise apply to any offer or sale of a security of or by Respondents.

d. Respondent, his successors, affiliates, controlling persons, officers, agents, servants, employees, and every entity and person directly or indirectly controlled or hereafter organized by or on behalf of Respondent are prohibited from offering or selling securities without first disclosing this Order to prospective investors.

e. The above orders paragraphs a. through d. are effective as of the original issuance date of the Summary Order, August 19, 2019.

f. Respondents shall pay disgorgement in the total amount of thirty-three thousand three hundred fifty dollars and zero cents to the Wisconsin Investors shown in the Payment Agreement attached as Exhibit C, and pay interest according to ss. 138.04 and .045. Stats.,

computed and charged daily on each violation's actual unpaid amount of loss, at 1/360 of the legal rate of $5 upon the $100 for one year, for the actual number of days outstanding starting from the date of each violation through the date of full satisfaction.

g. Payments shall be made payable and be delivered to the State of Wisconsin, Department of Financial Institutions for transfer to the persons identified in Exhibit 1 to the Payment Agreement.

h. Payments under this Consent Order that are more than 90 days past due or not adhering to the payment arrangement shall be in violation of this order and may result in additional action by the Division pursuant to Ch. 551, and/or any recourse available to the Division under applicable law.

IV.

IT IS FURTHER ORDERED THAT:

i. Necessary and appropriate in the public interest and for the protection of investors and, the document filed as Exhibit 1 to the Payment Agreement shall be placed under seal and not made part of the public record under s. 551.607, Stats.

j. The parties shall each bear their own costs and attorney's fees incurred in this action and have waived all claims under ss. 227.483 and .485, Stats.

k. Respondents have waived and released any claims that they may have against the Administrator, the Division or its employees, agents, or representatives.

l. Respondents have waived all rights to seek a judicial review or otherwise challenge or contest the validity of this Consent Order, and Respondents have waived all rights to challenge or contest the ordered restitution and interest payments under the U.S. Bankruptcy Code, Title 11.

m. This Consent Order is a final order for purposes of ss. 551.412(6) and .604(3), Stats., and may be enforced by a court of competent jurisdiction pursuant to s. 551.604(7).

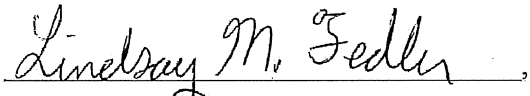
V.

SO ORDERED.

Dated this 5th day of December, 2019.

CHRISTOPHER N. GREEN
Hearing Examiner
Pursuant to appointed authority of the Administrator

STIPULATED, AGREED TO, AND PRESENTED BY:

The Division	Respondent
	
LINDSAY M. FEDLER Attorney for the Division	RICHARD FREELAND

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V.

SO ORDERED.

Dated this _____ day of _____, 2019.

_____,

CHRISTOPHER N. GREEN
Hearing Examiner
Pursuant to appointed authority of the Administrator

STIPULATED, AGREED TO, AND PRESENTED BY:

The Division	Respondent
_____,	Richard Freeland,
LINDSAY M. FEDLER Attorney for the Division	RICHARD FREELAND

BEFORE THE
STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES

In the matter of, RICHARD FREELAND, Respondent.	SUMMARY ORDER TO CEASE AND DESIST AND FOR DISGORGEMENT AND CIVIL PENALTIES DFI Case No. S-234003 (EX) DFI Case No. S-236002 (EX)

I.

The Administrator of the State of Wisconsin, Department of Financial Institutions, Division of Securities ("Division"), having legal authority and jurisdiction to administer and enforce the Wisconsin Uniform Securities Law, Wis. Stats. Ch. 551 ("Ch. 551") and rules and orders promulgated thereunder, and having determined that this action is necessary and appropriate in the public interest and for the protection of investors, hereby enters this Order as follows:

II.

Division staff have presented evidence sufficient for the Administrator to make the following findings of fact and conclusions of law:

A. Findings of Fact

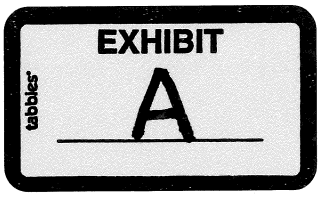
Respondents

1. Richard Freeland ("Freeland") is an adult male resident of Wisconsin with a last known business address of 317 North Shore Drive, Oxford, Wisconsin 53592.

Conduct

2. At no time has Freeland ever been registered to offer or sell securities in Wisconsin.

3. On or about January 6, 2016, Freeland received correspondence from the Virginia Division of Securities notifying him that he was under investigation for the offer and sale of securities on behalf of Dominion Private Client Group, LLC.



4. On or about May 19, 2016, the Division advised Freeland that he was being investigated to determine whether he had complied with Wisconsin's securities laws in the offer and sale of securities to Wisconsin residents.

Dominion Private Client Group, LLC

5. Dominion Private Client Group ("Dominion") was a limited liability company organized in Virginia on or about October 7, 2008. Dominion was owned and controlled by Daryl Bank ("Bank") at all times material. Dominion offered and sold securities in connection with acquiring and monetizing FCC licenses for 800 MHz spectrum, as well as offering and selling securities in connection with home monitoring technology.

6. WeMonitor, LLC was a limited liability company organized in Virginia on February 7, 2013 to facilitate capital funding for WeMonitor. WeMonitor purported to develop a home monitoring platform that would allow its users to save up to 30% on their monthly utility bill, remotely control basic home controls such as the locking and unlocking of doors, and provide alerts when an atypical event occurred within the home via the homeowner's smartphone or through a web-based application.

7. Dominion offered and sold securities issued by WeMonitor, LLC through its independent contractor agents.

8. On or about July 31, 2013, Freeland entered into an "Independent Consultant Agreement" with Dominion Private Client Group, LLC. Under the independent consultant agreement, Freeland agreed to obtain new client relationships and assist in the development of additional "independent trust consultants" for Dominion in exchange for compensation. A true and accurate copy of the Independent Consultant Agreement executed by Freeland is attached and referenced herein as Exhibit 1.

Investor JS

9. Investor JS is an adult female resident of Janesville, Wisconsin. Neither Investor JS nor her husband have individual or joint incomes exceeding $200,000 or $300,000 respectively. Investor JS and her husband's net worth does not exceed $1,000,000 excluding the value of their primary residence.

10. Freeland contacted Investor JS and her husband after her husband made inquiries on the Internet about investments and annuity products in late 2013. Shortly after, Freeland met with Investor JS and her husband at their home in Janesville, Wisconsin. During the meeting at Investor JS's home, Freeland discussed annuities and investment opportunities, including WeMonitor, LLC.

11. On or about October 9, 2013, Investor JS invested $60,000 in WeMonitor membership interests through Freeland.

12. At no time did Freeland disclose to Investor JS or her husband that he would receive a commission or any other type of compensation from Dominion in exchange for Investor JS's investment in WeMonitor.

13. Unbeknownst to Investor JS, on or about October 10, 2013 Freeland received a commission in the amount of $3,000 from Dominion for the sale of WeMonitor membership interests to Investor JS.

14. In 2014, 2015, and 2016, Investor JS attempted to withdraw her investment funds from WeMonitor. Each time Investor JS made a withdrawal request, Freeland assured her that her returns were about to be paid out.

15. On or about July 25, 2016, Investor JS received a letter from BlueDot, a Delaware corporation, informing her that BlueDot would be taking over WeMonitor. She later learned that her "money was gone" and that WeMonitor had gone out of business.

Woodbridge Group of Companies

16. Woodbridge Group of Companies, LLC is a limited liability company organized under the laws of Delaware in 2014 with a last known business address of 14225 Ventura Boulevard, Suite 100, Sherman Oaks, California 91423.

17. Woodbridge Mortgage Investment Funds 2, 3, 3A, and 4 are Delaware limited liability companies organized in Delaware with a last known address of 14225 Ventura Boulevard, Suite 100, Sherman Oaks, California 91423. These entities may be collectively referred to as the "WMIF LLCs".

18. The Woodbridge entities described in ¶¶ 16-17 will be referred to collectively as "Woodbridge."

19. Woodbridge was organized as a Ponzi scheme by Robert Shapiro ("Shapiro"). Through this scheme, Shapiro raised through Woodbridge over one billion dollars from approximately 1,000 investors.

20. Woodbridge represented to the public that it made hard money loans to third-party borrowers secured by commercial property. The money raised from investors helped to fund the hard money loans. In effect, Woodbridge pooled money from multiple investors for each hard money loan. Woodbridge referred to these investments as First Position Commercial Mortgages ("FPCM").

21. A Woodbridge FPCM consisted of a promissory note from a WMIF LLC to an investor, a loan agreement between a WMIF LLC and an investor, and a non-exclusive assignment to the investor of Woodbridge's security interest in the mortgage for the underlying hard-money loan. The promissory notes sold to investors promised a fixed annual interest rate (from 5% to 9%) and a return of the principal at the end of the transaction's term, which was usually twelve to eighteen months.

22. Between December 2015 and August 2017, Freeland sold Woodbridge FPCMs totaling approximately $869,200 to Wisconsin residents. As a result of these sales, he received compensation in the form of commissions from Woodbridge totaling approximately $47,070.

Investors PC and SC

23. Investors PC and SC are an adult married couple residing in Wisconsin. Investors PC and SC do not have individual or joint incomes exceeding $200,000 or $300,000 respectively. Investors PC and SC's net worth does not exceed $1,000,000 excluding the value of their primary residence.

24. On or about May 24, 2016, Investor SC invested $28,000 through Freeland in exchange for a promissory note issued by Woodbridge Mortgage Investment Fund 3, LLC for the principal amount of $28,000 at six and a half percent (6.50%) interest per annum.

25. On or about July 25, 2016, Investor SC invested an additional $100,000 through Freeland in exchange for a promissory note issued by Woodbridge Mortgage Investment Fund 3, LLC for the principal amount of $100,000 at seven and a quarter percent (7.25%) interest per annum.

26. As the result of Investor SC's $28,000 and $100,000 investments, Freeland received commissions of $1,820 on June 21, 2016 and $5,750 and on August 3, 2016 respectively from Woodbridge.

27. On or about May 8, 2017, Investor PC invested $56,000 through Freeland in exchange for a promissory note issued by Woodbridge Mortgage Investment Fund 4, LLC for the principal amount of $56,000 at seven percent (7.00%) interest per annum.

28. As a result of Investor PC's $56,000 investment, Freeland received a commission of approximately $2,830 on or about June 26, 2017 from Woodbridge.

29. At no time did Freeland inform Investor PC or Investor SC that Freeland was the subject of an investigation by Virginia state securities regulators.

30. At no time did Freeland inform Investor PC or Investor SC that Freeland was the subject of an investigation by Wisconsin state securities regulators.

Investor LL

31. Investor LL is a female resident of Wisconsin. Investor LL does not have an individual or joint income exceeding $200,000 or $300,000 respectively. Investor LL's net worth does not exceed $1,000,000 excluding the value of her primary residence.

32. On or about June 22, 2016, Investor LL invested $100,000 through Freeland in exchange for a promissory note issued by Woodbridge Mortgage Investment Fund 3, LLC for the principal amount of $100,000 at seven percent (7.00%) interest per annum.

33. On or about August 17, 2016, Investor LL invested an additional $50,000 through Freeland in exchange for a promissory note issued by Woodbridge Mortgage Investment Fund 3A, LLC for the principal amount of $50,000 at seven and a half percent (7.50%) interest per annum.

34. On or about November 23, 2016, Investor LL invested an additional $60,000 through Freeland in exchange for a promissory note issued by Woodbridge Mortgage Investment Fund 3A, LLC for the principal amount of $60,000 at eight and a half percent (8.50%) interest per annum.

35. On or about June 6, 2017, Investor LL invested an additional $40,000 through Freeland in exchange for a promissory note issued by Woodbridge Mortgage Investment Fund 3, LLC for the principal amount of $40,000 at nine and a quarter (9.25%) interest per annum.

36. As the result of Investor LL's investments in Woodbridge, Freeland received approximately $12,950 in commissions from Woodbridge between July 8, 2016 and February 7, 2017.

37. At no time did Freeland inform Investor LL that Freeland was the subject of an investigation by Virginia state securities regulators.

38. At no time did Freeland inform Investor LL that Freeland was the subject of an investigation by Wisconsin state securities regulators.

Investors DS1 and DS2

39. Investors DS1 and DS2 are an adult married couple residing in Wisconsin. Neither Investor DS1 nor DS2 have individual or joint incomes exceeding $200,000 or $300,000 respectively. Investor DS1 and DS2's net worth does not exceed $1,000,000 excluding the value of their primary residence.

40. On or about September 6, 2016, Investors DS1 and DS2 invested $100,000 through Freeland in exchange for a promissory note issued by Woodbridge Mortgage Investment Fund 3A, LLC for the principal amount of $100,000 at eight percent (8.00%) interest per annum.

41. On or about December 16, 2016, Investor DS1 and DS2 invested an additional $50,000 through Freeland in exchange for a promissory note issued by Woodbridge Mortgage Investment Fund 3A, LLC for the principal amount of $50,000 at nine percent (9.00%) interest per annum.

42. As the result of Investors DS1 and 2's $100,000 and $50,000 investment, Freeland received a commission payment of approximately $5,000 on or about September 19, 2016 and $2,000 on or about January 3, 2017 respectively from Woodbridge.

43. Both Investors DS1 and DS2 were 65 years of age or older at the time they invested into the promissory notes issued by Woodbridge Mortgage Investment Fund 3A, LLC through Freeland.

44. At no time did Freeland inform Investors DS1 or DS2 that Freeland was the subject of an investigation by Virginia state securities regulators.

45. At no time did Freeland inform Investor DS1 or Investor DS2 that Freeland was the subject of an investigation by Wisconsin state securities regulators.

B. Conclusions of Law

<u>Legal Authority and Jurisdiction</u>

The Administrator has legal authority and jurisdiction over the conduct described above, pursuant to Wis. Stats. Ch. 551 and the rules and orders promulgated thereunder.

46. Per Wis. Stat. § 551.102(28)(d)(1), an investment contract is defined as any investment in a common enterprise with the expectation of profits to be derived through the essential managerial efforts of someone other than the investor, and included under the definition of a security.

47. The WeMonitor, LLC membership interests offered and sold by Freeland on behalf of Dominion to Investor JS are securities, pursuant to Wis. Stat. § 551.102(28)(d)(1).

48. The FPCMs offered and sold by Freeland on behalf of Woodbridge included promissory notes which are securities as defined by Wis. Stat. § 551.102(28).

49. Since the investors in Woodbridge were involved in a common enterprise with the expectation of profits to be derived from the essential managerial efforts of others, the FPCMs offered and sold by Freeland on behalf of Woodbridge are investment contract securities as defined by Wis. Stat. § 551.102(28)(d)(1).

50. Woodbridge is an issuer, as defined under Wis. Stat. § 551.102(17).

51. Freeland transacted business as an agent in Wisconsin, as defined under Wis. Stat. § 551.102(2) and § DFI Sec. 1.02(5), Wis. Admin. Code.

52. Per Wis. Stat. § 551.402(1), it is unlawful for an individual to transact business in this state as an agent unless the individual is registered under this chapter as an agent or is exempt from registration as an agent under Wis. Stat. § 551.402(2).

53. Per Wis. Stat. § 551.501(2), it is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly, to make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

Violations

54. Through the conduct described above in ¶¶ 1-45, Freeland violated Wis. Stat. § 551.402(1) when he offered and sold securities without being registered as an agent or properly exempted from registration as an agent.

55. Through the conduct described above in ¶¶ 1-45, Freeland violated Wis. Stat. § 551.501(2) when he offered and sold membership interests in WeMonitor, LLC to Investor JS while omitting the fact that he was the subject of an investigation by the Virginia Division of Securities.

56. Through the conduct described above in ¶¶ 1-45, Freeland violated Wis. Stat. § 551.501(2) when he offered and sold notes issued by Woodbridge to Investors PC, SC, LL, DS1, and DS2 while omitting the fact that he was the subject of investigations by the Virginia Division of Securities and the Wisconsin Division of Securities.

III.

In view of the above findings of fact and conclusions of law, the Administrator deems it necessary and appropriate in the public interest and for the protection of investors, and pursuant to its legal authority and jurisdiction under Ch. 551, to wit Wis. Stat. § 551.604, to issue the following orders and notices:

A. Summary Orders issued pursuant to Wis. Stat. § 551.604(2)

(a) IT IS ORDERED that RICHARD FREELAND, his agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of RICHARD FREELAND, shall cease and desist from making or causing to be made to any person or entity in Wisconsin any further offers or sales of securities unless and until such securities qualify as covered securities or are registered under Ch. 551 or successor statute, pursuant to Wis. Stat. §§ 551.604(1)(a) and (2).

(b) IT IS FURTHER ORDERED that all exemptions from registration set forth at Ch. 551 or successor statute that might otherwise apply to any offer or sale of any security of or by RICHARD FREELAND, his agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of RICHARD FREELAND, are hereby revoked, pursuant to Wis. Stats. §§ 551.604(1)(b) and (2).

(c) IT IS FURTHER ORDERED that RICHARD FREELAND, his successors, affiliates, controlling persons, officers, agents, servants, employees and every entity and person directly or indirectly controlled or hereafter organized by or on behalf of RICHARD FREELAND, are prohibited from violating Wis. Stat. § 551.501 or successor statute.

(d) IT IS FURTHER ORDERED that RICHARD FREELAND disgorge $3,000 in commissions received by him as compensation for making offers and/or sales of WeMonitor, LLC to Investor JS, pursuant to Wis. Stat. § 551.604(4m)(b), and pay interest on such amounts at the legal rate under Wis. Stat. 138.04 starting from the date of each violation and through the date of satisfaction, pursuant to Wis. Stat. 551.604(4m). RICHARD FREELAND shall provide proof of the disgorgement payment with interest to the Division no later than 30 calendar days from the date of issuance of this Order.

(e) IT IS FURTHER ORDERED that RICHARD FREELAND disgorge the $30,350 in commissions received by him as compensation for making offers and/or sales of Woodbridge notes to Investors PC, SC, LL, DS1 and DS2, pursuant to Wis. Stat. § 551.604(4m)(b), and remit such moneys back to the investors from whom such compensation was derived, with interest on such amounts at the legal rate under Wis. Stat. 138.04 starting from the date of each violation and through the date of satisfaction, pursuant to Wis. Stat. 551.604(4m). RICHARD FREELAND shall provide proof of the

same to the Division no later than 30 calendar days from the date of issuance of this Order.

(f) IT IS FURTHER ORDERED that a civil penalty be imposed on RICHARD FREELAND in the form of an administrative assessment totaling $20,000 for the violations committed against Investors DS1 and DS2, who were over the age of 65 at the time of the violations, pursuant to Wis. Stat. § 551.604(4). Such payment shall be made payable to the Division no later than 30 calendar days from the date of the issuance of this Order, or if a petition for hearing is filed as provided under Wis. Stat. § 551.604(2), by a date to be fixed by a final order.

(g) IT IS FURTHER ORDERED that a civil penalty be imposed on RICHARD FREELAND in the form of an administrative assessment totaling $40,000 for the violations committed against Investors JS, PC, SC, and LL, pursuant to Wis. Stat. § 551.604(4). Such payment shall be made payable to the Division no later than 30 calendar days from the date of the issuance of this Order, or if a petition for hearing is filed as provided under Wis. Stat. § 551.604(2), by a date to be fixed by a final order.

(h) IT IS FURTHER ORDERED that RICHARD FREELAND, his successors, affiliates, controlling persons, officers, agents, servants, employees, and every entity and person directly or indirectly controlled or hereafter organized by or on behalf of RICHARD FREELAND are prohibited from offering or selling securities without first disclosing this Order to prospective investors.

(i) PLEASE TAKE NOTICE that the summary orders of the Administrator are effective as of the issuance of this order, pursuant to Wis. Stat. § 551.604(2).

B. Service of Order

(j) IT IS FURTHER ORDERED that this order shall be sent promptly by certified mail to each party named in the order at his or her last known address or to the party's attorney of record, or shall be personally served upon the party or the party's attorney of record, pursuant to Wis. Admin. Code § DFI-Sec. 8.06.

(k) PLEASE TAKE NOTICE that the date of the service of this order is the date it is placed in the mail. You are advised that any willful violation of an Order issued by the Division under Ch. 551 is a criminal offense punishable under the provisions of Wis. Stat. § 551.508.

C. Notifications

(l) PLEASE TAKE NOTICE that you have the right to request a hearing, pursuant to Wis. Stat. § 551.604(2). Every request for a hearing shall be in the form of a written petition

filed with the Division, pursuant to Wis. Admin. Code § DFI-Sec. 8.01 and Wis. Stat. § 227.42. A petition for a hearing to review the order shall:

(1) Plainly admit or deny each specific allegation, finding or conclusion in the order and incorporated papers. However, if the petitioner lacks sufficient knowledge or information to permit such an admission or denial, the petition shall so state, and that statement shall have the effect of a denial; and

(2) State all affirmative defenses. Affirmative defenses not raised in the request for hearing may be deemed waived.

(m) PLEASE TAKE FURTHER NOTICE that you may file your written petition:

(1) By mailing the written petition to:

Division of Securities
Wisconsin Department of Financial Institutions
P.O. Box 1768
Madison, Wisconsin 53701-1768

(2) By delivering the written petition in person to:

Division of Securities
Wisconsin Department of Financial Institutions
4822 Madison Yards Way, North Tower, 4th Floor
Madison, Wisconsin 53705

(3) By faxing the written petition to 608-264-7979

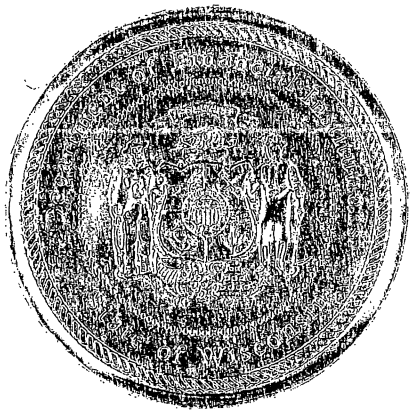
(n) PLEASE TAKE FURTHER NOTICE that the petition for hearing must be filed with the Division. Pursuant to Wis. Stat. § 551.102(8), "filing" means "receipt." Therefore, a petition is not "filed" with the Division until it is actually "received" by the Division. If the Division does not receive your written petition before midnight on the 30th day after the date of service of this order, your right to a hearing will be waived and the Summary Order shall become final by operation of law.

(o) PLEASE TAKE FURTHER NOTICE that if you do not request a hearing and none is ordered by the Administrator within 30 days after the date of service of this order, the findings of fact, conclusions of law, and summary orders and proposed final orders, including the imposition of a civil penalty and requirement for payment of restitution and interest sought in a statement in the order, become final by operation of law, pursuant to Wis. Stat. § 551.604(2).

(p) PLEASE TAKE FURTHER NOTICE that, within 15 days after the Division's receipt of a written request for a hearing from you, the matter will be scheduled for a hearing or other public administrative proceedings, pursuant to Wis. Stats. §§ 551.604(2) and (3).

(q) PLEASE TAKE FURTHER NOTICE that any willful violation of an Order by the Division under Ch. 551 is a criminal offense punishable under the provisions of Wis. Stat. § 551.508.

EXECUTED at Madison, Wisconsin this 19th day of August, 2019.



Leslie M. Van Buskirk
Administrator
Division of Securities
State of Wisconsin, Department of Financial Institutions
4822 Madison Yards Way, 4th Floor
Madison, Wisconsin 53705

State of Wisconsin

Department of Financial Institutions

Tony Evers, **Governor** | Kathy Blumenfeld, **Secretary**

AFFIDAVIT OF SERVICE
AND COMPLIANCE WITH WIS. STAT. § 551.611

STATE OF WISCONSIN)
) ss.
COUNTY OF DANE)

I, KATHERINE CLEMENTI, first being duly sworn, depose and state:

1. I am employed with the State of Wisconsin, Department of Financial Institutions, Division of Securities.

2. On the date of this Affidavit and in the course of regularly conducted activity, I have caused to be served by certified mail upon Respondent Richard Freeland at his last known business address of 317 North Shore Drive, Oxford, Wisconsin 53592:

   i. A copy of the signed Summary Order to Cease and Desist and for Disgorgement and Civil Penalties, DFI Case No. S-234003 (EX) and S-236002 (EX); and

   ii. A copy of this Affidavit of Service.

3. In compliance with Wis. Stat. §§ 227.48, 551.611, and 891.46; and Wis. Admin. Code. §§ DFI-Sec 8.06 and 8.07, I have also caused to be served copies of those same documents upon the Administrator for the Division of Securities.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Katherine Clementi
KATHERINE CLEMENTI

State of Wisconsin
Department of Financial Institutions
Division of Securities

Subscribed and sworn to before me

This 19th day of August, 2019.

Notary Public, State of Wisconsin

My commission is permanent.

(Notary Seal)

CHRISTOPHER N. GREEN
NOTARY
PUBLIC
STATE OF WISCONSIN

September 24, 2019

To: Wisconsin Department of Financial Institutions
4822 Madison Yards Way, North Tower, Ste 400
Madison, WI 53705

RECEIVED
SEP 25 2019
Wisconsin Dept of
Financial Institutions

Fax: 608-264-7979

RE: Richard Freeland
DFI Case No. S-234003 (EX)
DFI Case No. S=236002 (EX)

I have received and reviewed your letter dated 8/19/2019 which was served to me on 8/26/2019.

As entitled to under Wisconsin Statutes, I am formally requesting a petition for a hearing.

With regard to the violations cited for my activity with WeMonitor through Dominion Private Client Group, LLC, since I operated as a referral party, I kept no file records as I would ordinarily do within my profession as an insurance agent.

Therefore, at this time, I lack the necessary information and knowledge to admit or deny each specific allegation, finding and conclusion. I understand that this lack of information and knowledge has the effect of a denial. (Except SEE MY NOTATIONS AS to ADMISSIONS)

With regard to the allegations, findings and violations cited for my activity with Woodbridge Group of Companies, LLC, please note the following:

1. I contracted with Woodbridge through Peter Viater.
2. Peter Viater, prior to marketing the Woodbridge product in Wisconsin, personally met with then acting Wisconsin Department of Financial Institutions (WDFI) Director, Patricia Struck. Also present was WDFI attorney Andrew Parish. A complete and thorough presentation and review was conducted on Woodbridge, their marketing materials, etc. Peter was given approval to proceed, which included using non-licensed securities representatives to offer and sell the Woodbridge product.
3. Based on the above, it is my contention that WDFI is hereby estopped from the allegations, findings and violations cited in the 8/19/2019 letter.
4. Additionally, during the course of conversations about my conduct regarding Dominion Private Client Group, LLC and WeMonitor, which were held with WDFI examiner Jeff Hole and an associate named Chad, Woodbridge came up in one of the conversations. I had just begun working with Woodbridge. In that conversation, I informed Jeff and Chad all the due diligence I performed before contracting with Woodbridge, which included receiving a determination letter from a prominent third party securities attorney, that stated Woodbridge did not meet the definition of a security.
5. * I was asked if I would provide Jeff Hole and Chad a copy of that determination letter. I did. See copy of attached email sent to them.
6. I requested that if WDFI determined otherwise, they would notify me immediately, and I would immediately cease my activity with Woodbridge. I never received any notification from Jeff, Chad or anyone else from WDFI.
7. Based on the above, it is my contention that WDFI is hereby estopped from the allegations, findings and violations cited in the 8/19/2019 letter.

EXHIBIT
tabbies
B

Sincerely,

Richard Freeland
317 North Shore Dr.
Oxford, WI 53592

Attachment #5

WOODBRIGE INFO

#5

From: Richard Freeland (freelandra@sbcglobal.net)

To: chad.macholz@dfi.wisconsin.gov; jeffreyw.hole@dfi.wisconsin.gov

Date: Thursday, August 11, 2016, 2:41 PM CDT

CHAD- I WILL MAIL YOU BROCHURE JT MC DONALD SENT ME FROM WOODBRIDGE AND WILL HAVE CONTACTED WOODBRIDGE'S COMPLIANCE LAWYER TODAY AND HAVE HIM CONTACT YOU DIRECTLY WITH WISC. ISSUES? THANKS! RICH FREELAND-JEFF- THANKS FOR ADVISE!

Attachment #5

Fw: reply from woodbridge wealth law firm

From: Richard Freeland (freelandra@sbcglobal.net)

To: chad.macholz@dfi.wisconsin.gov; jeffreyw.hole@dfi.wisconsin.gov

Date: Thursday, August 18, 2016, 11:31 AM CDT

CHAD AND JEFF- Here is a reply from Woodbridge Wealth law firm that I requested on Their notes being a Security? Your thoughts? Thanks! RICH FREELAND

----- Forwarded Message -----
From: Matthew Saunig <msaunig@woodbridgeinvestments.com>
To: "freelandra@sbcglobal.net" <freelandra@sbcglobal.net>
Sent: Thursday, August 18, 2016 11:17 AM
Subject:

Rich,

As we discussed, attached is an opinion explaining why, for purposes of federal law, the First Position Commercial Mortgage product is not a security.

Please don't hesitate to call with any questions.

-Matt

Matthew Saunig, Esq.
Associate Counsel

WOODBRIDGE GROUP of COMPANIES, LLC
54 Hartford Turnpike
Tolland, CT 06084
Direct: 860.858.4305
Main: 860.454.0560
Fax: 860.454.0823

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filename.pdf
474.5kB

Attachment #5 Sent Via Email Aug 18, 2016 To Chad Macholz DFI

Rome McGuigan, P.C.

MEMORANDUM

PRIVILEGED/CONFIDENTIAL

This document contains and is based upon confidential communications by and between attorney and client, or it contains mental impressions, conclusions, theories and/or strategies of counsel or other representatives of the company developed in anticipation of or presentation for litigation. Do not copy, distribute or disclose except as authorized by counsel.

TO: Woodbridge Mortgage Investment Fund 1, LLC

FROM: Rome McGuigan, P.C.

DATE: July 30, 2013

RE: Mortgage Loan Product Review

You have asked us to review whether certain Promissory Notes made by Woodbridge Mortgage Investment Fund I, LLC ("Woodbridge") to the order of private lenders are a security subject to the Securities Act of 1933 ("Securities Act") or the Securities Exchange Act of 1934 ("Exchange Act").

The Loan Transactions

Woodbridge makes loans (each a "Borrower Loan") to commercial borrowers secured by commercial properties including apartments, mixed use, and single family homes owned by the borrower as investment properties. The loans are evidenced by a promissory note, and the borrower grants Woodbridge a first priority mortgage on the subject property. The borrower also provides a title policy to Woodbridge insuring the mortgage is a first lien and that the property is otherwise free of other liens.

Woodbridge obtains the funds necessary to make these Borrower Loans by borrowing from one or more parties who have expressed an interest to Woodbridge in making loans to facilitate Woodbridge's Borrower Loans (the "Woodbridge Loans"). Once a lender is located, Woodbridge will provide to the lender all of the information on the prospective loan to its customer provided by the customer as well as information on the proposed loan relating to the loan amount, interest rate, type of collateral, a copy of the real estate appraisal for the collateral, as well as a package of loan documents from its customer including the note, mortgage and a title policy insuring the mortgage has a first priority. Woodbridge negotiates the terms of the Woodbridge Loans directly with the lenders. Each lender of a Woodbridge Loan is informed that the proceeds of the Woodbridge Loan will be used by Woodbridge to fund a Borrower Loan to Woodbridge's customer. The Woodbridge Loan is in an amount less than the Borrower Loan, and Woodbridge uses its own funds to fund the difference. Woodbridge grants each such lender a collateral assignment of the note and mortgage issued in the Borrower Loan transaction, which collateral assignment is always recorded in the land records where the subject mortgage is recorded. The note is endorsed to the lender and physically delivered to the lender.

In the event of default by Woodbridge under its note, the lender may exercise its collateral assignment and take over the mortgage. Woodbridge is obligated to pay on its note regardless of whether or not its underlying borrower is performing under its loan from Woodbridge. The loan transaction sequence can generally be described as "back to back" loan transactions.

These lenders are generally not "accredited investors".

Woodbridge is licensed as a mortgage lender or broker where required by law.

Analysis

a) **"Enumerated Categories"**

Promissory Notes are generally securities unless they mature in nine months or less. *See* Securities Act Section 2(1), 3(a)(3): Exchange Act 3(a)(10). The US Supreme Court has determined that any note maturing in more than nine months is a security unless it resem-

bles a promissory note that is not commonly classified as a security. *See Reves v. Ernest and Young*, 494 U.S. 56, 110 S.Ct. 945 (1990). The *Reves* case sets forth the criteria for determining when notes are considered securities. While the definitions of securities are slightly different under the Securities Act and the Exchange Act, *Reves* established that the same analysis should be used for determining if the note is a security. *Id* at 951 n.1. *Reves* further established that the presumption that a promissory note is a security can be rebutted by showing that the promissory note "bears a strong family resemblance" to one of the several "enumerated categories". *See Id* at 951. The enumerated categories are: (1) a note delivered in consumer financing; (2) a note secured by a mortgage on a home; (3) any short term note secured with a lien of assets of a small business; (4) a promissory note for a character loan to a bank customer; (5) short term notes secured by an assignment of accounts receivable; (6) a promissory note that formalizes an open account debt incurred in the ordinary course of business, especially if collateral is involved, and (7) notes evidencing loans by commercial banks for current operations. *Id.*

The notes issued by the borrowers in a Borrower Loan almost certainly meet the definition in exception 2 (note secured by a mortgage on a home) above. *See Singer v. Livoti*, 741 F. Supp. 1040, 1049 (S.D.N.Y 1990). The *Singer* court stated "it is hard to see why an exception for a conventional real estate mortgage should be different simply because it covered "a home" rather than, for example, a storefront, an office building, a series of homes, or vacant land." *Id* at 1049. However, the Woodbridge Loan notes are not secured directly by a home or other piece of real property; rather, they are secured by a note and mortgage *collaterally assigned* to the Woodbridge Loan lender. Very strictly speaking, the Woodbridge Loan notes do not fit squarely into the second exception enumerated by the *Reves* court. No cases were found directly on point on the issue of whether a promissory note secured by a collateral assignment of a note and mortgage is a security. At least one court, however, has commented that the Supreme Court, in establishing the home mortgage exception "intended their example to apply only to mortgage-backed notes in the context of a traditional face-to-face loan transaction between a borrower and commercial or consumer lender . . . " *Mercer v. Jaffe, Snider, Raitt & Heuer, P.C.* 736 F.Supp. 764, 769 (W.D. Mich. 1990) aff'd sub nom. *Schriemer v. Greenburg*, 931 F.2d 893 (6th Cir. 1991) and aff'd sub nom. *Mercer v. Jaffe, Snider, Raitt & Heuer*, 933 F.2d 1008 (6th Cir. 1991). . . . "It could be contended that the foregoing interpretation leads to the 'illogical' result that a mortgage-backed note is not a security at the time a borrower gives it to his lender, but may become a security when the lender or other commercial as-

signee transfers it to a retail broker/dealer, who then sells it to her customer. The court, however, sees nothing anomalous in such a situation." *Id.* Perhaps the lack of case law on the Woodbridge back-to-back loan structure can be attributed to its close resemblance to the home mortgage exception enunciated by *Reves*, and so parties have not seen the need to test it. Various iterations of loan participation, syndication, etc., in some cases constitute securities and in some cases do not. Due to this lack of case law, however, it is therefore necessary to review the further four-prong test of *Reves* to determine if the Woodbridge Loan notes are securities.

b) **Four-Part Test**

After setting forth the "enumerated categories" of notes that did not constitute securities, the *Reves* court went on to state as follows:

> Moreover, as the Second Circuit itself has noted, its list is "not graven in stone," and is therefore capable of expansion. Thus, some standards must be developed for determining when an item should be added to the list.
>
> *Id.*

The *Reves* court examined the purpose underlying the Securities Acts and used this purpose to inform the court's interpretation of the definition of "security." The *Reves* court states:

> The fundamental purpose undergirding the Securities Act is "to eliminate serious abuses in a largely unregulated securities market." *United Housing Foundation Inc. v. Forman*, 421 U.S. 837, 849, 95 S.Ct. 2051, 2059, 44 L.Ed.2d 621 (1975). In defining the scope of the market that it wishes to regulate, Congress painted with a broad brush. It recognized the virtually limitless scope of human ingenuity, especially in the creation of "countless and variable schemes devised by those who seek the use of the money of others on the promise of profits,"

> *SEC v. W.J. Howey Co.*, U.S. 293, 299, 66 S.Ct. 1100, 1103,90 L.Ed 1244 (1946) . . . .
>
> *Id.* at 951.

The *Reves* court was careful to indicate that the definition of "security" is not all-encompassing, stating that in enacting the Securities Acts, Congress did not "intend to provide a broad federal remedy for all fraud" (citing *Marine Bank v. Weaver*, 455 U.S. 551, 556 (1982)). *Id.*

The Supreme Court's finding that the essential underlying purpose of federal securities regulation is protection against schemes premised upon "the promise of profits" leads the Court to hold that the critical feature defining a "security" under the Securities Acts is its character as an "investment." Thus, in the *Reves* opinion, the Supreme Court states that Congress "enacted a definition of 'security' sufficiently broad to encompass virtually any instrument that might be sold as an investment" (*Id.*), that "Congress' purpose in enacting the securities laws was to regulate *investments*, in whatever form they are made and by whatever name they are called" (*Id.*) (emphasis in original), and that "we have consistently identified the fundamental essence of a 'security' to be its character as an 'investment'" *Id.* at 952.

With respect to promissory notes, the *Reves* court stated that while common stock by its nature is an investment, and consequently, the "quintessence of a security,"

> the same simply cannot be said of notes, which are used in a variety of settings, not all of which involve investments. Thus, the phrase "any note" should not be interpreted to mean literally "any note," but must be understood against the backdrop of what Congress was attempting to accomplish in enacting the Securities Acts. [i.e., regulating investments]
>
> *Id.* at 952.

The *Reves* court provided a four-part analysis of when a note would bear a "strong family resemblance" to any of the enumerated categories. *Id.* at 951. First, a court should exam-

ine the transaction to assess the motivations that would prompt a reasonable seller (borrower) and buyer (lender) to enter into it. If the seller's purpose is to raise money for the general use of a business enterprise or to finance substantial investment and the buyer is interested primarily in the profit the note is expected to generate, then the instrument is likely to be a security. If the note is to correct the seller's cash-flow difficulties, or to advance some other commercial or consumer purpose, on the other hand, then a court may find the note is "less sensibly described as a security." *Id* at 951-952.

Second, a court should examine the "plan of distribution of the instrument" to determine whether it is an instrument in which there is a "common trading for speculation or investment." *Id.* at 952.

Third, a court should examine the reasonable expectations of the investing public. The Court may consider instruments to be securities on the basis of such public expectations, even where an economic analysis of the circumstances of the particular transaction might suggest that the instruments are not securities as used in that transaction. *Id.*

Finally, a court should examine whether some factor such as the existence of another regulatory scheme significantly reduces the risk of the instrument, thereby rendering application of the Securities Acts unnecessary. *Id.*

c) **Application of *Reves* Test to Woodbridge Loans.**

The first *Reves* factor is the "motivations of the buyer and seller" (or lender and borrower), *i.e.*, if the seller's purpose is to "raise money for the general use of a business enterprise or to finance substantial investments and the buyer is interested primarily in the profits the note is expected to generate, the instrument is likely to be a 'security.'" On the other hand, "if the note is exchanged to . . . advance some . . . commercial or consumer purpose . . . the note is less sensibly described as a "security." (494 U.S. at 66-67) (emphasis added)

Applying this test to the Woodbridge Loan, the seller (Woodbridge) solicits loans only for the making of a specific loan to the borrower, and not for its general operations. *See, e.g., Holloway v. Peat, Marwick, Mitchell & Co.*, 900 F.2d 1485, 1489, n.1 (10th Cir.

1990) (holding that the use of proceeds to buy specific assets or services rather than general financing indicates the instrument is not a security under the first *Reves* factor).

Certainly a lender for a Woodbridge Loan is motivated by profit the note will generate.[1] However, it is important to note that the language of the Supreme Court describing the first *Reves* factor (using "and" instead of "or" with respect to buyers' and sellers' motivations) requires both that the note be for a loan for general use and that the note be profit-oriented. Here, the first part is not met, and so the first *Reves* factor could support a finding that the Woodbridge Loan notes are not securities.

The second *Reves* factor requires an examination of the plan of distribution of the instrument "to determine whether it is an instrument in which there is 'common trading for speculation or investment.'" 494 U.S. at 67. This factor, therefore, encompasses two distinct elements: (i) whether there is "common trading" of the notes and (ii) if so, whether such common trading is for "speculation or investment." Lack of transferability has also been cited as a factor that cuts against a finding that there is common trading in notes. *See Resolution Trust Corporation v. Stone*, 998 F.2d 1534, 1539 (10th Cir. 1993).

While the initial offer or solicitation of the Woodbridge Loan notes are not widely advertised or solicited, the number of lenders is not the exclusive means of determining whether this prong of the test is sufficient to constitute the requisite "common trading."[2] The courts also focus on what the note buyers do with the notes they purchase. You have indicated that as a practice, no Woodbridge Loan lender has attempted to assign its interests previously; moreover, the Woodbridge Loan note specifically prohibits assignment or transfer by the lender, so that any trading for speculation or investment would be prohib-

---

[1] The *Reves* court explicitly defines "profit" in the context of promissory notes, stating that "[w]e emphasize that by "profit" in the context of notes, we mean "a valuable return on an investment," which undoubtedly includes interest. 494 U.S. at 68.

[2] Note that from the federal court decisions interpreting the second factor of the *Reves* test, the actual number of purchasers or offerees does not in itself appear to be a determinative factor insofar as courts have held that sales to relatively few purchasers may satisfy the second *Reves* factor (*e.g.*, *SEC v. Global Telecom Services LLC*, 325 F.Supp.2d 94 (D. Conn. 2004) (*Reves* plan of distribution factor met by sales of notes to five purchasers), while other courts have held that sales to up to four hundred purchasers would not satisfy the second *Reves* factor (*See Glaser*, 2009 WL 306029 at *8).

ited. The second *Reves* factor could therefore support a finding that the Woodbridge Loan notes are not securities.

The third *Reves* factor is whether the notes would be considered securities on the basis of the "reasonable expectations of the investing public," even where the economic realities of the particular instrument might suggest otherwise. In order to satisfy this factor, there must be some circumstance that would create a public perception that the Notes were investments. For example, the promissory notes in *Reves* were characterized as "investments" in the advertisements for the notes and there was no countervailing factor to lead a reasonable person to question this characterization. 494 U.S. at 70. Conversely, in *Banco Espanol de Credito v. Security Pacific National Bank*, 973 F.2d 51, 56 (2d Cir. 1992), the Second Circuit found the third *Reves* factor was not met with respect to loan participations where the purchasers were given specific notice that the instruments were participations in loans and not investments in a business enterprise. Similarly, in *Glazer v. Abercrombie & Kent, Inc.*, the court found the third *Reves* factor not to be met where documentation signed by the purchaser of a club membership included the purchaser's representation that his purchase was not being viewed as an investment and the purchaser did not expect to derive economic profits from the purchase. 2009 WL 306029 at *10.[3] The Woodbridge Loan documents contain representations from the lender that they have no right to any profit over the interest in their own note, including the excess interest earned by Woodbridge from their own borrower. The third *Reves* factor could therefore support a finding that the Woodbridge Loan notes are not securities

The fourth *Reves* factor is whether some feature such as the existence of another regulatory scheme significantly reduces the risk of the instrument, thereby rendering application of the Securities Acts unnecessary. The existing of "another regulatory scheme" has been applied to exempt from federal securities regulation instruments that may otherwise be considered investments (and, thus, securities) that have been issued by entities such as banks or insurance companies that are already subject to extensive governmental regulation. In addition, courts have cited risk-reducing factors such as the existence of collateral security as supporting a finding that the instrument in question is not a security. The Woodbridge Loans are secured with an assignment of a first priority mortgage, and so the

[3] That case did not have an interest component to the instrument, unlike here. Certainly, a Woodbridge Loan lender expects to make interest, as does almost every other lender in a loan transaction. The *Reves* decision gave no indication that presence of interest alone in a loan transaction should turn a note into a security.

fourth *Reves* factor could support a finding that the Woodbridge Loan notes are not securities.

The *Reves* Court did not state whether all four factors in the family resemblance test must be met in order to determine if a note is not a security, although subsequent case law and SEC No-Action letters have established that meeting all four tests was not necessary. *See Robyn Meredith, Inc. v Levy* 440 F. Supp 2d 378, 384 (D. NJ 2006)("[f]ailure to satisfy one of the factors is not dispositive since they are considered as a whole"); Poplogix LLC SEC No-Action letter issued November 5, 2010 (note which did not provide for interest is not a security). However, the Woodbridge Loan notes do not appear to meet the description of any of the *Reves* factors, although certainly some elements of the Loan notes could be deemed to meet them. Based on the foregoing, and while there is no case directly on point, a court, when weighing all the factors as a whole, could conclude that the note evidencing the Woodbridge Loan is not a security under the Exchange Act and the Securities Act.

d) **<u>The Note Evidencing a Woodbridge Loan is not a Security</u>**

Based on the analysis above, while there is no case directly on point, an application of the *Reves* tests to a Note evidencing a Woodbridge Loan should result in a conclusion that a Woodbridge Loan is not a security under the Securities Act or the Exchange Act.

BEFORE THE
STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES

In the matter of,	SUMMARY ORDER TO CEASE AND DESIST AND FOR DISGORGEMENT AND CIVIL PENALTIES
RICHARD FREELAND,	DFI Case No. S-234003 (EX) DFI Case No. S-236002 (EX)
Respondent.	

I.

The Administrator of the State of Wisconsin, Department of Financial Institutions, Division of Securities ("Division"), having legal authority and jurisdiction to administer and enforce the Wisconsin Uniform Securities Law, Wis. Stats. Ch. 551 ("Ch. 551") and rules and orders promulgated thereunder, and having determined that this action is necessary and appropriate in the public interest and for the protection of investors, hereby enters this Order as follows:

II.

Division staff have presented evidence sufficient for the Administrator to make the following findings of fact and conclusions of law:

A. Findings of Fact

Respondents

1. Richard Freeland ("Freeland") is an adult male resident of Wisconsin with a last known business address of 317 North Shore Drive, Oxford, Wisconsin 53592. Admit

Conduct

2. At no time has Freeland ever been registered to offer or sell securities in Wisconsin. Admit

3. On or about January 6, 2016, Freeland received correspondence from the Virginia Division of Securities notifying him that he was under investigation for the offer and sale of securities on behalf of Dominion Private Client Group, LLC. Admit, but only to the extent the letter speaks for itself.

4. On or about May 19, 2016, the Division advised Freeland that he was being investigated to determine whether he had complied with Wisconsin's securities laws in the offer and sale of securities to Wisconsin residents. Admit

Dominion Private Client Group, LLC

5. Dominion Private Client Group ("Dominion") was a limited liability company organized in Virginia on or about October 7, 2008. Dominion was owned and controlled by Daryl Bank ("Bank") at all times material. Dominion offered and sold securities in connection with acquiring and monetizing FCC licenses for 800 MHz spectrum, as well as offering and selling securities in connection with home monitoring technology. Deny

6. WeMonitor, LLC was a limited liability company organized in Virginia on February 7, 2013 to facilitate capital funding for WeMonitor. WeMonitor purported to develop a home monitoring platform that would allow its users to save up to 30% on their monthly utility bill, remotely control basic home controls such as the locking and unlocking of doors, and provide alerts when an atypical event occurred within the home via the homeowner's smartphone or through a web-based application. Admit

7. Dominion offered and sold securities issued by WeMonitor, LLC through its independent contractor agents. Deny

8. On or about July 31, 2013, Freeland entered into an "Independent Consultant Agreement" with Dominion Private Client Group, LLC. Under the independent consultant agreement, Freeland agreed to obtain new client relationships and assist in the development of additional "independent trust consultants" for Dominion in exchange for compensation. A true and accurate copy of the Independent Consultant Agreement executed by Freeland is attached and referenced herein as Exhibit 1. Deny

Investor JS

9. Investor JS is an adult female resident of Janesville, Wisconsin. Neither Investor JS nor her husband have individual or joint incomes exceeding $200,000 or $300,000 respectively. Investor JS and her husband's net worth does not exceed $1,000,000 excluding the value of their primary residence. Admit

10. Freeland contacted Investor JS and her husband after her husband made inquiries on the Internet about investments and annuity products in late 2013. Shortly after, Freeland met with Investor JS and her husband at their home in Janesville, Wisconsin. During the meeting at Investor JS's home, Freeland discussed annuities and investment opportunities, including WeMonitor, LLC. Deny

11. On or about October 9, 2013, Investor JS invested $60,000 in WeMonitor membership interests through Freeland. Deny

12. At no time did Freeland disclose to Investor JS or her husband that he would receive a commission or any other type of compensation from Dominion in exchange for Investor JS's investment in WeMonitor. DENY

13. Unbeknownst to Investor JS, on or about October 10, 2013 Freeland received a commission in the amount of $3,000 from Dominion for the sale of WeMonitor membership interests to Investor JS. Deny

14. In 2014, 2015, and 2016, Investor JS attempted to withdraw her investment funds from WeMonitor. Each time Investor JS made a withdrawal request, Freeland assured her that her returns were about to be paid out. Deny

15. On or about July 25, 2016, Investor JS received a letter from BlueDot, a Delaware corporation, informing her that BlueDot would be taking over WeMonitor. She later learned that her "money was gone" and that WeMonitor had gone out of business. Do Not Know if She Recieved Letter

Woodbridge Group of Companies

16. Woodbridge Group of Companies, LLC is a limited liability company organized under the laws of Delaware in 2014 with a last known business address of 14225 Ventura Boulevard, Suite 100, Sherman Oaks, California 91423. Admit

17. Woodbridge Mortgage Investment Funds 2, 3, 3A, and 4 are Delaware limited liability companies organized in Delaware with a last known address of 14225 Ventura Boulevard, Suite 100, Sherman Oaks, California 91423. These entities may be collectively referred to as the "WMIF LLCs". Admit

18. The Woodbridge entities described in ¶¶ 16-17 will be referred to collectively as "Woodbridge." Admit

19. Woodbridge was organized as a Ponzi scheme by Robert Shapiro ("Shapiro"). Through this scheme, Shapiro raised through Woodbridge over one billion dollars from approximately 1,000 investors. DENY- No Knowledge of This

20. Woodbridge represented to the public that it made hard money loans to third-party borrowers secured by commercial property. The money raised from investors helped to fund the hard money loans. In effect, Woodbridge pooled money from multiple investors for each hard money loan. Woodbridge referred to these investments as First Position Commercial Mortgages ("FPCM"). Admit

21. A Woodbridge FPCM consisted of a promissory note from a WMIF LLC to an investor, a loan agreement between a WMIF LLC and an investor, and a non-exclusive assignment to the investor of Woodbridge's security interest in the mortgage for the underlying hard-money loan. The promissory notes sold to investors promised a fixed annual interest rate (from 5% to 9%) and a return of the principal at the end of the transaction's term, which was usually twelve to eighteen months. Admit

22. Between December 2015 and August 2017, Freeland sold Woodbridge FPCMs totaling approximately $869,200 to Wisconsin residents. As a result of these sales, he received compensation in the form of commissions from Woodbridge totaling approximately $47,070. ~~Admit~~ Deny

Investors PC and SC

23. Investors PC and SC are an adult married couple residing in Wisconsin. Investors PC and SC do not have individual or joint incomes exceeding $200,000 or $300,000 respectively. Investors PC and SC's net worth does not exceed $1,000,000 excluding the value of their primary residence. Admit

24. On or about May 24, 2016, Investor SC invested $28,000 through Freeland in exchange for a promissory note issued by Woodbridge Mortgage Investment Fund 3, LLC for the principal amount of $28,000 at six and a half percent (6.50%) interest per annum. Admit

25. On or about July 25, 2016, Investor SC invested an additional $100,000 through Freeland in exchange for a promissory note issued by Woodbridge Mortgage Investment Fund 3, LLC for the principal amount of $100,000 at seven and a quarter percent (7.25%) interest per annum. Admit

26. As the result of Investor SC's $28,000 and $100,000 investments, Freeland received commissions of $1,820 on June 21, 2016 and $5,750 and on August 3, 2016 respectively from Woodbridge. ~~Admit~~ Deny

27. On or about May 8, 2017, Investor PC invested $56,000 through Freeland in exchange for a promissory note issued by Woodbridge Mortgage Investment Fund 4, LLC for the principal amount of $56,000 at seven percent (7.00%) interest per annum. Admit

28. As a result of Investor PC's $56,000 investment, Freeland received a commission of approximately $2,830 on or about June 26, 2017 from Woodbridge. ~~Admit~~ Deny

29. At no time did Freeland inform Investor PC or Investor SC that Freeland was the subject of an investigation by Virginia state securities regulators. Deny

30. At no time did Freeland inform Investor PC or Investor SC that Freeland was the subject of an investigation by Wisconsin state securities regulators. Deny

Investor LL

31. Investor LL is a female resident of Wisconsin. (Investor LL does not have an individual or joint income exceeding $200,000 or $300,000 respectively. Investor LL's net worth does not exceed $1,000,000 excluding the value of her primary residence.) ADMIT ← lack knowledge as to the remainder

32. On or about June 22, 2016, Investor LL invested $100,000 through Freeland in exchange for a promissory note issued by Woodbridge Mortgage Investment Fund 3, LLC for the principal amount of $100,000 at seven percent (7.00%) interest per annum. Admit

33. On or about August 17, 2016, Investor LL invested an additional $50,000 through Freeland in exchange for a promissory note issued by Woodbridge Mortgage Investment Fund 3A, LLC for the principal amount of $50,000 at seven and a half percent (7.50%) interest per annum. Admit

34. On or about November 23, 2016, Investor LL invested an additional $60,000 through Freeland in exchange for a promissory note issued by Woodbridge Mortgage Investment Fund 3A, LLC for the principal amount of $60,000 at eight and a half percent (8.50%) interest per annum. Admit

35. On or about June 6, 2017, Investor LL invested an additional $40,000 through Freeland in exchange for a promissory note issued by Woodbridge Mortgage Investment Fund 3, LLC for the principal amount of $40,000 at nine and a quarter (9.25%) interest per annum. Admit

36. As the result of Investor LL's investments in Woodbridge, Freeland received approximately $12,950 in commissions from Woodbridge between July 8, 2016 and February 7, 2017. Deny

37. At no time did Freeland inform Investor LL that Freeland was the subject of an investigation by Virginia state securities regulators. Deny

38. At no time did Freeland inform Investor LL that Freeland was the subject of an investigation by Wisconsin state securities regulators. Deny

Investors DS1 and DS2

39. Investors DS1 and DS2 are an adult married couple residing in Wisconsin. (Neither Investor DS1 nor DS2 have individual or joint incomes exceeding $200,000 or $300,000 respectively. Investor DS1 and DS2's net worth does not exceed $1,000,000 excluding the value of their primary residence.) Admit ← lack knowledge as to the remainder

40. On or about September 6, 2016, Investors DS1 and DS2 invested $100,000 through Freeland in exchange for a promissory note issued by Woodbridge Mortgage Investment Fund 3A, LLC for the principal amount of $100,000 at eight percent (8.00%) interest per annum. Admit

41. On or about December 16, 2016, Investor DS1 and DS2 invested an additional $50,000 through Freeland in exchange for a promissory note issued by Woodbridge Mortgage Investment Fund 3A, LLC for the principal amount of $50,000 at nine percent (9.00%) interest per annum. Admit

42. As the result of Investors DS1 and 2's $100,000 and $50,000 investment, Freeland received a commission payment of approximately $5,000 on or about September 19, 2016 and $2,000 on or about January 3, 2017 respectively from Woodbridge. Admit

43. Both Investors DS1 and DS2 were 65 years of age or older at the time they invested into the promissory notes issued by Woodbridge Mortgage Investment Fund 3A, LLC through Freeland. Admit

44. At no time did Freeland inform Investors DS1 or DS2 that Freeland was the subject of an investigation by Virginia state securities regulators. Deny

45. At no time did Freeland inform Investor DS1 or Investor DS2 that Freeland was the subject of an investigation by Wisconsin state securities regulators. Deny

B. Conclusions of Law

<u>Legal Authority and Jurisdiction</u>

The Administrator has legal authority and jurisdiction over the conduct described above, pursuant to Wis. Stats. Ch. 551 and the rules and orders promulgated thereunder.

46. Per Wis. Stat. § 551.102(28)(d)(1), an investment contract is defined as any investment in a common enterprise with the expectation of profits to be derived through the essential managerial efforts of someone other than the investor, and included under the definition of a security.

47. The WeMonitor, LLC membership interests offered and sold by Freeland on behalf of Dominion to Investor JS are securities, pursuant to Wis. Stat. § 551.102(28)(d)(1).

48. The FPCMs offered and sold by Freeland on behalf of Woodbridge included promissory notes which are securities as defined by Wis. Stat. § 551.102(28).

As to 46 (Thru) - 53 + 54 (Thru) = 56, Freeland denies that he willfully + knowingly ~~violated~~ violated any state statute regarding the sale of securities in the State of Wisconsin.

49. Since the investors in Woodbridge were involved in a common enterprise with the expectation of profits to be derived from the essential managerial efforts of others, the FPCMs offered and sold by Freeland on behalf of Woodbridge are investment contract securities as defined by Wis. Stat. § 551.102(28)(d)(1).

50. Woodbridge is an issuer, as defined under Wis. Stat. § 551.102(17).

51. Freeland transacted business as an agent in Wisconsin, as defined under Wis. Stat. § 551.102(2) and § DFI Sec. 1.02(5), Wis. Admin. Code.

52. Per Wis. Stat. § 551.402(1), it is unlawful for an individual to transact business in this state as an agent unless the individual is registered under this chapter as an agent or is exempt from registration as an agent under Wis. Stat. § 551.402(2).

53. Per Wis. Stat. § 551.501(2), it is unlawful for a person, in connection with the offer, sale, or purchase of a security, directly or indirectly, to make an untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

Violations

54. Through the conduct described above in ¶¶ 1-45, Freeland violated Wis. Stat. § 551.402(1) when he offered and sold securities without being registered as an agent or properly exempted from registration as an agent.

55. Through the conduct described above in ¶¶ 1-45, Freeland violated Wis. Stat. § 551.501(2) when he offered and sold membership interests in WeMonitor, LLC to Investor JS while omitting the fact that he was the subject of an investigation by the Virginia Division of Securities.

56. Through the conduct described above in ¶¶ 1-45, Freeland violated Wis. Stat. § 551.501(2) when he offered and sold notes issued by Woodbridge to Investors PC, SC, LL, DS1, and DS2 while omitting the fact that he was the subject of investigations by the Virginia Division of Securities and the Wisconsin Division of Securities.

III.

In view of the above findings of fact and conclusions of law, the Administrator deems it necessary and appropriate in the public interest and for the protection of investors, and pursuant to its legal authority and jurisdiction under Ch. 551, to wit Wis. Stat. § 551.604, to issue the following orders and notices:

A. Summary Orders issued pursuant to Wis. Stat. § 551.604(2)

(a) IT IS ORDERED that RICHARD FREELAND, his agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of RICHARD FREELAND, shall cease and desist from making or causing to be made to any person or entity in Wisconsin any further offers or sales of securities unless and until such securities qualify as covered securities or are registered under Ch. 551 or successor statute, pursuant to Wis. Stat. §§ 551.604(1)(a) and (2).

(b) IT IS FURTHER ORDERED that all exemptions from registration set forth at Ch. 551 or successor statute that might otherwise apply to any offer or sale of any security of or by RICHARD FREELAND, his agents, servants, officers, employees, successors, affiliates, and every entity and person directly or indirectly controlled or organized by or on behalf of RICHARD FREELAND, are hereby revoked, pursuant to Wis. Stats. §§ 551.604(1)(b) and (2).

(c) IT IS FURTHER ORDERED that RICHARD FREELAND, his successors, affiliates, controlling persons, officers, agents, servants, employees and every entity and person directly or indirectly controlled or hereafter organized by or on behalf of RICHARD FREELAND, are prohibited from violating Wis. Stat. § 551.501 or successor statute.

(d) IT IS FURTHER ORDERED that RICHARD FREELAND disgorge $3,000 in commissions received by him as compensation for making offers and/or sales of WeMonitor, LLC to Investor JS, pursuant to Wis. Stat. § 551.604(4m)(b), and pay interest on such amounts at the legal rate under Wis. Stat. 138.04 starting from the date of each violation and through the date of satisfaction, pursuant to Wis. Stat. 551.604(4m). RICHARD FREELAND shall provide proof of the disgorgement payment with interest to the Division no later than 30 calendar days from the date of issuance of this Order.

(e) IT IS FURTHER ORDERED that RICHARD FREELAND disgorge the $30,350 in commissions received by him as compensation for making offers and/or sales of Woodbridge notes to Investors PC, SC, LL, DS1 and DS2, pursuant to Wis. Stat. § 551.604(4m)(b), and remit such moneys back to the investors from whom such compensation was derived, with interest on such amounts at the legal rate under Wis. Stat. 138.04 starting from the date of each violation and through the date of satisfaction, pursuant to Wis. Stat. 551.604(4m). RICHARD FREELAND shall provide proof of the

same to the Division no later than 30 calendar days from the date of issuance of this Order.

(f) IT IS FURTHER ORDERED that a civil penalty be imposed on RICHARD FREELAND in the form of an administrative assessment totaling $20,000 for the violations committed against Investors DS1 and DS2, who were over the age of 65 at the time of the violations, pursuant to Wis. Stat. § 551.604(4). Such payment shall be made payable to the Division no later than 30 calendar days from the date of the issuance of this Order, or if a petition for hearing is filed as provided under Wis. Stat. § 551.604(2), by a date to be fixed by a final order.

(g) IT IS FURTHER ORDERED that a civil penalty be imposed on RICHARD FREELAND in the form of an administrative assessment totaling $40,000 for the violations committed against Investors JS, PC, SC, and LL, pursuant to Wis. Stat. § 551.604(4). Such payment shall be made payable to the Division no later than 30 calendar days from the date of the issuance of this Order, or if a petition for hearing is filed as provided under Wis. Stat. § 551.604(2), by a date to be fixed by a final order.

(h) IT IS FURTHER ORDERED that RICHARD FREELAND, his successors, affiliates, controlling persons, officers, agents, servants, employees, and every entity and person directly or indirectly controlled or hereafter organized by or on behalf of RICHARD FREELAND are prohibited from offering or selling securities without first disclosing this Order to prospective investors.

(i) PLEASE TAKE NOTICE that the summary orders of the Administrator are effective as of the issuance of this order, pursuant to Wis. Stat. § 551.604(2).

B. Service of Order

(j) IT IS FURTHER ORDERED that this order shall be sent promptly by certified mail to each party named in the order at his or her last known address or to the party's attorney of record, or shall be personally served upon the party or the party's attorney of record, pursuant to Wis. Admin. Code § DFI-Sec. 8.06.

(k) PLEASE TAKE NOTICE that the date of the service of this order is the date it is placed in the mail. You are advised that any willful violation of an Order issued by the Division under Ch. 551 is a criminal offense punishable under the provisions of Wis. Stat. § 551.508.

C. Notifications

(l) PLEASE TAKE NOTICE that you have the right to request a hearing, pursuant to Wis. Stat. § 551.604(2). Every request for a hearing shall be in the form of a written petition

filed with the Division, pursuant to Wis. Admin. Code § DFI-Sec. 8.01 and Wis. Stat. § 227.42. A petition for a hearing to review the order shall:

(1) Plainly admit or deny each specific allegation, finding or conclusion in the order and incorporated papers. However, if the petitioner lacks sufficient knowledge or information to permit such an admission or denial, the petition shall so state, and that statement shall have the effect of a denial; and

(2) State all affirmative defenses. Affirmative defenses not raised in the request for hearing may be deemed waived.

(m) PLEASE TAKE FURTHER NOTICE that you may file your written petition:

(1) By mailing the written petition to:

Division of Securities
Wisconsin Department of Financial Institutions
P.O. Box 1768
Madison, Wisconsin 53701-1768

(2) By delivering the written petition in person to:

Division of Securities
Wisconsin Department of Financial Institutions
4822 Madison Yards Way, North Tower, 4th Floor
Madison, Wisconsin 53705

(3) By faxing the written petition to 608-264-7979

(n) PLEASE TAKE FURTHER NOTICE that the petition for hearing must be filed with the Division. Pursuant to Wis. Stat. § 551.102(8), "filing" means "receipt." Therefore, a petition is not "filed" with the Division until it is actually "received" by the Division. If the Division does not receive your written petition before midnight on the 30th day after the date of service of this order, your right to a hearing will be waived and the Summary Order shall become final by operation of law.

(o) PLEASE TAKE FURTHER NOTICE that if you do not request a hearing and none is ordered by the Administrator within 30 days after the date of service of this order, the findings of fact, conclusions of law, and summary orders and proposed final orders, including the imposition of a civil penalty and requirement for payment of restitution and interest sought in a statement in the order, become final by operation of law, pursuant to Wis. Stat. § 551.604(2).

(p) PLEASE TAKE FURTHER NOTICE that, within 15 days after the Division's receipt of a written request for a hearing from you, the matter will be scheduled for a hearing or other public administrative proceedings, pursuant to Wis. Stats. §§ 551.604(2) and (3).

(q) PLEASE TAKE FURTHER NOTICE that any willful violation of an Order by the Division under Ch. 551 is a criminal offense punishable under the provisions of Wis. Stat. § 551.508.

EXECUTED at Madison, Wisconsin this 19th day of August, 2019.

Leslie M. Van Buskirk
Administrator
Division of Securities
State of Wisconsin, Department of Financial Institutions
4822 Madison Yards Way, 4th Floor
Madison, Wisconsin 53705

As to my responses to the allegations:

Richard Freeland

24 Sept 2019

From

Mr. Richard Freeland
317 N. Shore Dr.
Oxford, WI 53952-8713

DFI CASE* S-234003 (EX)
* S-236002 (EX)

D.F.I. / DIVISION of SECURITIES
ATTN: KATHERINE CLEMENTI
PARALEGAL
BUREAU of ENFORCEMENT
4822 MADISON YARDS WAY
NORTH TOWER #400
MADISON, WISC. 53705

BEFORE THE
STATE OF WISCONSIN
DEPARTMENT OF FINANCIAL INSTITUTIONS
DIVISION OF SECURITIES

In the Matter of,

RICHARD FREELAND

Respondents.

PAYMENT AGREEMENT

DFI Case Numbers S-234003 (EX) and S-236002(EX)

This Payment Agreement is entered into by and between the parties of:

(1) The State of Wisconsin, Department of Financial Institutions, Division of Securities (the "Division"); and

(2) RICHARD FREELAND (the "Respondent").

WHEREAS, the Administrator of the State of Wisconsin, Department of Financial Institutions, Division of Securities (the "Division") issued a summary order on August 19, 2019 (the "Summary Order") against Richard Freeland ("Respondent"),

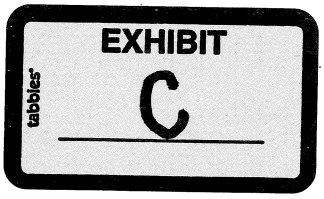
WHEREAS, the Administrator received a timely petition for hearing from Respondent to contest the Summary Order. The Administrator appointed a hearing examiner, and a hearing to review the matters alleged in the Summary Order was scheduled to commence on January 27, 2020 in the city of Madison, Wisconsin.

WHEREAS, on December 4, 2019, the parties agreed to a consent order to resolve the matters alleged in the consent order, pursuant to the satisfaction of the terms of this agreement;

WHEREAS, pursuant to the consent order, the Respondent agreed to pay $33,350.00 in disgorgement to Wisconsin investors, along with interest at the legal rate accruing through the date of full satisfaction;

NOW THEREFORE, in consideration of the mutual covenants and additional consideration hereinafter set forth, the parties agree as follows:

1. Respondent shall pay disgorgement pursuant to an income-based schedule as follows:
   a. Ten percent (10%) of any income over his annual social security income on an annual basis to the Wisconsin Department of Financial Institutions to be applied



to the $33,350.00 in disgorgement owed to the Wisconsin investors as described in Exhibit 1

b. For example: if Respondent receives $2,000 in income in addition to his social security income in a taxable year, the Respondent will be required to pay $200.00 to the Division towards his disgorgement liability.

c. The first payment is due May 1, 2020 and subsequent annual payments are due by May 1 of each year until the disgorgement and interest owed pursuant to the Consent Order are satisfied. In the event that Respondent receives a filing extension as described in ¶ 4, the payment for that year will be due November 30.

d. After Respondent has made $33,350.00 in disgorgement payments, the parties may modify payment terms to satisfy the accrued interest.

2. Each annual payment must be in the form of a check made payable to the "Wisconsin Department of Financial Institutions" and each check should indicate "DFI S-234003 (EX) & 236002 (EX) Freeland Disgorgement" in the memorandum. Checks must be mailed to:

   Department of Financial Institutions
   Accounts Receivable
   PO Box 7876
   Madison, WI 53703

3. Payments received by the Division shall be deposited pursuant to s. 20.144(1)(h), Stats., and distributed to the named persons on the pro rata basis shown in Exhibit 1 to this Payment Agreement;

4. Respondent shall provide copies of his annual federal and state tax returns for the division's review by no later than May 1 following their filing, except if Respondent receives a filing extension then he shall provide copies of his annual federal and state tax returns no later than November 30 following their filing. Respondent shall also file the financial disclosure form attached as Exhibit 2 to this Payment Agreement for the Division's review with copies of his annual federal and state tax returns until Respondent's disgorgement and interest liability has been satisfied;

5. Outstanding payment of the disgorgement and/or interest that is more than 90 days past due or not adhering to the payment terms set forth in this payment agreement may result in additional action by the Division pursuant to Ch. 551, and/or certification of the entire judgment to the state debt collection program under s. 71.93, Stats., or successor statute, and/or may be enforced by filing the consent order with a court of competent jurisdiction pursuant to s. 551.604(7), Stats.

6. Any breach of any term of this payment agreement by Respondent will constitute a violation of the Consent Order. The Administrator may then proceed with full authority

under Ch. 551 to enforce the Consent Order against Respondent, to sanction Respondent for such violations and take any other action authorized under Ch. 551 or any other applicable law. In any such proceeding in which, after an opportunity for a hearing, the Administrator or Hearing Officer or court finds that Respondent has violated the Consent Order, the findings of facts and conclusions of law set forth in the Consent Order shall be deemed admitted and may be introduced into evidence against Respondent.

7. This agreement may be modified only in writing and any modifications must be signed by authorized representatives of the parties.

8. This payment agreement may be executed by electronic transmission and in counterparts, each of the signatures taken independently to be combined together and construed as a whole, and a copy of a signature transmitted by electronic transmission shall be valid as an original.

9. The effective date of this payment agreement is the last date of the parties' signatures below.

AGREED TO BY:

The Division	Respondent
Lindsay M. Fedler	
LINDSAY M. FEDLER Staff Attorney Enforcement Bureau Division of Securities	RICHARD FREELAND
Date: 12/04/2019	Date:

PAGE 8/8 REC'D 12/4/2019 2:44:08 PM [Central Standard Time] PRD 082647979

under Ch. 551 to enforce the Consent Order against Respondent, to sanction Respondent for such violations and take any other action authorized under Ch. 551 or any other applicable law. In any such proceeding in which, after an opportunity for a hearing, the Administrator or Hearing Officer or court finds that Respondent has violated the Consent Order, the findings of facts and conclusions of law set forth in the Consent Order shall be deemed admitted and may be introduced into evidence against Respondent.

7. This agreement may be modified only in writing and any modifications must be signed by authorized representatives of the parties.

8. This payment agreement may be executed by electronic transmission and in counterparts, each of the signatures taken independently to be combined together and construed as a whole, and a copy of a signature transmitted by electronic transmission shall be valid as an original.

9. The effective date of this payment agreement is the last date of the parties' signatures below.

AGREED TO BY:

The Division	Respondent
_____	Richard Freeland
LINDSAY M. FEDLER Staff Attorney Enforcement Bureau Division of Securities	RICHARD FREELAND
Date:_____	Date: 4 Dec 2019

State of Wisconsin

Department of Financial Institutions

Financial Disclosure Statement

Pursuant to Wis. Stat. § 551.505, it is unlawful for a person to make or cause to be made, in a record that is used in an action or proceeding or filed under this chapter, a statement that, at the time and in the light of the circumstances under which it is made, is false or misleading in a material respect, or, in connection with the statement, to omit to state a material fact necessary to make the statement made, in the light of the circumstances under which it was made, not false or misleading.

FINANCIAL DISCLOSURE OF ASSETS				
1. Your full name	2. Date of Birth		3. Number of Dependents	
4. Your residence address (not P.O. box)	City	State	Zip Code	Phone Number
5. Spouse's full name	6.A. Date of Marriage		6.B. Do you have a marital property agreement? ☐ Yes (Attach copy.) ☐ No	
7. Spouse's residence address (if different)	City	State	Zip Code	Phone Number
8. Your employer's name and address	9. Gross Wages		10. Paid ☐ weekly ☐ biweekly ☐ monthly	
11. Spouse's employer's name and address	12. Gross Wages		13. Paid ☐ weekly ☐ biweekly ☐ monthly	
You must complete this information (14 – 31) for both you and your spouse.				
14. Other employers	15. Gross Wages		16. Paid ☐ weekly ☐ biweekly ☐ monthly	
17. Pension income (Give name and address of payor.)	18. Amount		19. Paid ☐ weekly ☐ biweekly ☐ monthly	
20. Social Security/Disability/SSI (Give name and address of payor.)	21. Amount		22. Paid ☐ weekly ☐ biweekly ☐ monthly	
23. Checking, savings, financial accounts (List name and address of institution, type of account and amount.)				

Division of Securities
Mail: PO Box 1768 Madison, WI 53701-1768
Courier: 4822 Madison Yards Way, Madison, WI 53705
Voice: (608) 261-9555 Fax: (608) 264-7979 Web: www.wdfi.org

EXHIBIT 2

24. Automobiles (Give year, make and market value.)		
25. Stocks, bonds, life insurance, IRA's and other financial investments (List name, number of shares and value.)	26. Other Income (Specify)	
27. Real estate and other real property interests (List kind of property, location and market value.)		
28. Does anyone owe you money? ☐ Yes (Attach copy.) ☐ No	29. Is anyone holding any assets or property for you? ☐ Yes (Attach copy.) ☐ No	30. Amount of cash on hand
31. Other assets of value (Give details and values.)		

32. Do you believe your earnings are exempt from garnishment? ☐ Yes ☐ No

If yes, complete lines A, B, C, and D as appropriate.

☐ A. I have received the following need-based public assistance within the last six months:
- ☐ Medical assistance
- ☐ Relief funded under Wis. Stats. §59.53(21)
- ☐ Food stamps/Foodshare
- ☐ Relief funded under public assistance
- ☐ Supplemental security income
- ☐ Benefits for veterans under §45.40 (1m) or 38 USC 501-562.

☐ B. I have been determined to be eligible to receive the following need-based public assistance although I have not actually begun to receive those benefits:
- ☐ Medical assistance
- ☐ Relief funded under Wis. Stats. §59.53(21)
- ☐ Food stamps/Foodshare
- ☐ Relief funded under public assistance
- ☐ Supplemental security income
- ☐ Benefits for veterans under §45.40 (1m) or 38 USC 501-562.

☐ C. My household income is below the federal poverty line. (Worksheets and schedules for this determination are available in the Clerk of Court's Office.)

☐ D. At least 25% of my disposable earnings are assigned by the court order for support.

33. Would the garnishment of 20% of your disposable income reduce your household income below the federal poverty line? ☐ Yes ☐ No

34. The information provided on this statement is true and correct.

_____
Signature

_____
Name Printed or Typed

_____
Date

State of Wisconsin

Department of Financial Institutions

Tony Evers, **Governor** | Kathy Blumenfeld, **Secretary**

AFFIDAVIT OF SERVICE
AND COMPLIANCE WITH WIS. STAT. § 551.611

STATE OF WISCONSIN)
) ss.
COUNTY OF DANE)

I, KATHERINE CLEMENTI, first being duly sworn, depose and state:

1. I am employed with the State of Wisconsin, Department of Financial Institutions, Division of Securities.

2. On the date of this Affidavit and in the course of regularly conducted activity, I have caused to be served by certified mail upon Respondent Richard Freeland at his last known address of 317 North Shore Drive, Oxford, Wisconsin 53952-8713:

   i. A copy of the Consent Order to Cease and Desist and for Disgorgement with Exhibits A, B & C, DFI Cases No. S-234003 (EX) & S-236002 (EX); and

   ii. A copy of this Affidavit of Service.

3. In compliance with Wis. Stat. §§ 227.48, 551.611, and 891.46; and Wis. Admin. Code. §§ DFI-Sec 8.06 and 8.07, I have also caused to be served copies of those same documents upon the Administrator for the Division of Securities.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Katherine Clementi
KATHERINE CLEMENTI

State of Wisconsin
Department of Financial Institutions
Division of Securities

Subscribed and sworn to before me

This 6th day of December, 2019.

Robin Jacobs
Notary Public, State of Wisconsin
My commission is permanent.

ROBIN S. JACOBS NOTARY PUBLIC STATE OF WISCONSIN
(Notary Seal)