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.

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

Legal Authority and Jurisdiction

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