

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

WOODBRIIDGE GROUP OF COMPANIES, LLC,
et al.,¹

Debtors.

Chapter 11

Case No. 17-12560 (KJC)

(Jointly Administered)

Ref. Docket Nos. 1615, 1616 & 1702

**CERTIFICATION OF COUNSEL REGARDING ENTRY OF AN ORDER
AUTHORIZING AND APPROVING THE DEBTORS' ENTRY INTO
A REVISED CONSENT AND REVISED JUDGMENT WITH THE
SECURITIES AND EXCHANGE COMMISSION**

On April 23, 2018, the Debtors filed with the United States Bankruptcy Court for the District of Delaware (the “Court”) the *Debtors’ Motion for Entry of an Order, Pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rule 9019, Authorizing and Approving the Debtors’ Entry into a Consent and Judgment with the Securities and Exchange Commission* [Docket No. 1615] (the “Motion”).²

On May 1, 2018, the Court entered an order [Docket No. 1702] (the “Original Authorization Order”) granting the relief requested in the Motion, authorizing and approving the Debtors’ (i) entry into the Consent and (ii) consent to entry of the Judgment, relating to the SEC Action against the Debtor Defendants.³

¹ The last four digits of Woodbridge Group of Companies, LLC’s federal tax identification number are 3603. The mailing address for Woodbridge Group of Companies, LLC is 14140 Ventura Boulevard #302, Sherman Oaks, California 91423. Due to the large number of debtors in these cases, which are being jointly administered for procedural purposes only, a complete list of the Debtors, the last four digits of their federal tax identification numbers, and their addresses are not provided herein. A complete list of this information may be obtained on the website of the Debtors’ noticing and claims agent at www.gardencitygroup.com/cases/WGC, or by contacting the undersigned counsel for the Debtors.

² Capitalized terms used, but not otherwise defined herein, have the meaning given to them in the Motion.

³ See *SEC v. Robert H. Shapiro, Woodbridge Group of Companies, LLC, et al.*, U.S. District Court for the Southern District of Florida, Case No. 17-24624-CIV.

On May 4, 2018, the SEC filed an Amended Complaint for Injunctive and Other Relief [SEC Action, Docket No. 147] (the “Amended Complaint”) in the SEC Action, attached hereto as Exhibit A. The gravamen of the changes to the Amended Complaint pertains to renaming of certain defendants as Relief Defendants and corresponding details as to those Relief Defendants and other Relief Defendants. The amendments that most specifically relate to the Debtors are minor and, in pertinent part, include two amendments in paragraphs 40 and 147.

Since the Amended Complaint was filed, the Debtors and the SEC engaged in further discussions regarding the Amended Complaint. In response to those discussions, the Debtors and the SEC revised the Consent and Judgment (respectively, the “Revised Consent” and the “Revised Judgment”) to clarify that the terms of the original Consent and Judgment apply equally to the Amended Complaint, particularly insofar as the Debtors neither admit nor deny the allegations therein. Additionally, the Debtors and the SEC agreed that the Debtors would supplement the Motion with this Certification, requesting entry of a second Authorization Order that authorizes and approves the Debtor Defendants’ entry into the Revised Consent and consent to entry of the Revised Judgment (the “Second Authorization Order”). Attached hereto as Exhibit B is a proposed form of the Second Authorization Order.⁴

Accordingly, the Debtors respectfully request the entry of the Second Authorization Order. Attached as Exhibit 1 to the Second Authorization Order is the Revised Consent. Attached as Exhibit 2 to the Second Authorization Order is the Revised Judgment.

The Debtors submit that entry of the Second Authorization Order and approval of the Debtor Defendants’ entry into the Revised Consent and consent to entry of the Revised Judgment is in the best interests of the Debtors, their estates, and their creditors.

⁴ For ease of reference, attached as Exhibit C is a copy of the Second Authorization Order marked against the Original Authorization Order.

WHEREFORE, the Debtors respectfully request that the Court enter the Second Authorization Order at its earliest convenience without further notice or a hearing.

Dated: May 14, 2018
Wilmington, Delaware

/s/ Betsy L. Feldman

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EXHIBIT A

Amended Complaint

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO.: 17-cv-24624-COOKE/GOODMAN

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

ROBERT H. SHAPIRO,
WOODBRIIDGE GROUP OF COMPANIES, LLC,
d/b/a WOODBRIDGE WEALTH, RS PROTECTION TRUST,
WMF MANAGEMENT, LLC,
WOODBRIIDGE STRUCTURED FUNDING, LLC,
WOODBRIIDGE MORTGAGE INVESTMENT FUND 1, LLC,
WOODBRIIDGE MORTGAGE INVESTMENT FUND 2, LLC,
WOODBRIIDGE MORTGAGE INVESTMENT FUND 3, LLC,
WOODBRIIDGE MORTGAGE INVESTMENT FUND 3A, LLC,
WOODBRIIDGE MORTGAGE INVESTMENT FUND 4, LLC,
WOODBRIIDGE COMMERCIAL BRIDGE LOAN FUND 1, LLC,
WOODBRIIDGE COMMERCIAL BRIDGE LOAN FUND 2, LLC,
142 WOODBRIDGE-AFFILIATED PROPERTY LIMITED
LIABILITY COMPANIES,¹
130 WOODBRIDGE-AFFILIATED HOLDING LIMITED
LIABILITY COMPANIES,

Defendants, and

JERI SHAPIRO, CARBONDALE GLEN LOT 18, LLC,
CARBONDALE GLEN OWNERS, LLC,
CARBONDALE BASALT OWNERS, LLC,
WOODBRIIDGE REALTY OF COLORADO, LLC
d/b/a WOODBRIDGE REALTY UNLIMITED,
WOODBRIIDGE LUXURY HOMES OF CALIFORNIA, INC.,
d/b/a MERCER VINE, INC., RIVERDALE FUNDING, LLC,
SCHWARTZ MEDIA BUYING COMPANY, LLC,
WFS HOLDING CO., LLC, a/k/a WFS HOLDING COMPANY,
LLC,

Relief Defendants.

AMENDED COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF²

¹Appendix A identifies each of the named 142 Woodbridge-Affiliated Property Limited Liability Companies and 130 Woodbridge-Affiliated Holding Limited Liability Companies.

Plaintiff Securities and Exchange Commission (“Commission”) alleges:

I. INTRODUCTION

1. Beginning in July 2012 through December 4, 2017, Defendant Robert H. Shapiro (“Shapiro”) used his web of more than 275 Limited Liability Companies to conduct a massive Ponzi scheme raising more than \$1.22 billion from over 8,400 unsuspecting investors nationwide through fraudulent unregistered securities offerings. Shapiro promised investors they would be repaid from the high rates of interest Shapiro’s companies were earning on loans the companies were purportedly making to third-party borrowers. However, nearly all the purported third-party borrowers were actually limited liability companies owned and controlled by Shapiro, which had no revenue, no bank accounts, and never paid any interest under the loans.

2. Despite receiving over one billion dollars in investor funds, Shapiro and his companies only generated approximately \$13.7 million in interest income from truly unaffiliated third-party borrowers. Without real revenue to pay the monies due to investors, Shapiro resorted to fraud, using new investor money to pay the returns owed to existing investors. Meanwhile Shapiro and his family lived in the lap of luxury and spent exorbitant amounts of investor money in alarming fashion, on items such as luxury automobiles, jewelry, country club memberships, fine wine, and chartering private planes.

3. By December 2017, the fraudulent scheme collapsed. Shapiro and his companies became unable to timely meet their obligation to pay investors their monthly dividends and interest payments. Fundraising from investors was halted, and on December 4, 2017, Shapiro caused most of his companies to file Chapter 11 bankruptcy. The effect of Shapiro and his companies’ actions will leave investors with substantial losses, as they are owed at least \$961

² Pursuant to Federal Rule of Procedure 15(a)(2), the Defendants and Relief Defendants provided written consent to the filing of this Amended pleading.

million in principal. At least 2,600 of these investors unknowingly placed their retirement savings into Shapiro's Ponzi scheme.

4. Shapiro's entities, Defendants Woodbridge Group of Companies, LLC (d/b/a Woodbridge Wealth) ("Woodbridge"), RS Protection Trust ("RS Trust"), WMF Management, LLC ("WMF"), Woodbridge Structured Funding, LLC (a/k/a Woodbridge Structured Funding of Florida, LLC) ("WSF"), Woodbridge Mortgage Investment Fund 1, LLC ("Fund 1"), Woodbridge Mortgage Investment Fund 2, LLC ("Fund 2"), Woodbridge Mortgage Investment Fund 3, LLC ("Fund 3"), Woodbridge Mortgage Investment Fund 3A, LLC ("Fund 3A"), Woodbridge Mortgage Investment Fund 4, LLC ("Fund 4"), Woodbridge Commercial Bridge Loan Fund 1, LLC ("Bridge Loan Fund 1"), Woodbridge Commercial Bridge Loan Fund 2, LLC ("Bridge Loan Fund 2"), 142 Woodbridge-affiliated Property Limited Liability Companies ("Shapiro Property LLCs"), and 130 Woodbridge-affiliated Holding Limited Liability Companies ("Shapiro Holding LLCs") (collectively the Shapiro entities are referred to as "Corporate Defendants"), were each essential to Shapiro's fraudulent business operation.

5. Shapiro, as the sole person in control of the Corporate Defendants at all times relevant to the allegations herein, not only made material misrepresentations and omissions to investors, but also signed falsified documents, controlled the company's bank accounts, made Ponzi payments to investors, paid significant sales commissions to unregistered sales agents, and misappropriated investor funds for his own personal enjoyment and the enjoyment of his family.

6. At Shapiro's direction, Woodbridge's network of hundreds of in-house and external sales agents raised in excess of \$1.22 billion dollars, falsely selling Woodbridge's investments as "safe" and "secure". Shapiro and Woodbridge directed that investor funds be deposited into the accounts of WSF, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan

Fund 1, and Bridge Loan Fund 2 (with Shapiro as the sole authorized signer) and almost immediately commingled the funds into Woodbridge's operating account.

7. Shapiro and Woodbridge used at least \$328 million to repay principal and interest to investors and spent at least another \$172 million on operating expenses, including \$64.5 million on sales agent commissions and \$44 million on payroll. Shapiro misappropriated at least \$23.4 million for his own personal benefit and to benefit his related entities or family members, spending millions on extravagant personal expenditures.

8. Shapiro selected which properties would be purchased with the investors' commingled funds. Shapiro would create a Shapiro Property LLC to hold title to the property, making RS Trust and Shapiro the ultimate beneficial owners of the properties. The Shapiro Property LLCs, which had no revenue source or bank accounts, then issued promissory notes to one of the Fund entities promising to pay monthly interest, with the principal usually due in one year. Despite the Shapiro Property LLCs having no ability to pay monthly interest, Shapiro and Woodbridge created investment products which sought to market these Shapiro Property LLC's promissory notes as "low risk" and "simpler" investments.

9. Because the Fund entities were not receiving any interest payments on the Shapiro Property LLC promissory notes, Shapiro instead used new investor funds to pay the interest and dividends owed to previous investors. These interest payments created the illusion that Shapiro and Woodbridge were successfully loaning investor funds as promised to legitimate third-party borrowers who had an ability to pay monthly interest. This allowed Woodbridge and Shapiro to continually induce new investors to participate in their investment products and induce existing investors to rollover their investment into a new note upon maturity, thus delaying Shapiro's and Woodbridge's need to come up with cash to repay the principal balance.

10. Shapiro caused Woodbridge and WSF to pay substantial commissions to an internal and external sales force in exchange for selling Woodbridge's securities to the public. However, neither Woodbridge, WSF, nor Shapiro were associated with Commission-registered broker dealers, and very few of the sales agents were so associated.

11. Relief defendants Jeri Shapiro (Shapiro's wife), Carbondale Glen Lot 18, LLC ("Glen Lot 18"), Carbondale Glen Owners, LLC ("Glen Owners"), Carbondale Basalt Owners, LLC, ("Basalt Owners"), Woodbridge Realty of Colorado, LLC d/b/a Woodbridge Realty Unlimited ("Woodbridge Realty"), Woodbridge Luxury Homes of California, Inc. d/b/a Mercer Vine, Inc. ("Mercer Vine"), Riverdale Funding, LLC ("Riverdale"), Schwartz Media Buying Company, LLC ("Schwartz Media"), and WFS Holding Co. LLC ("WFS") (collectively "Relief Defendants") all received proceeds of the fraud without any legitimate entitlement to the funds.

12. As a result of the conduct alleged in this Amended Complaint, Shapiro, Woodbridge, WMF, WSF, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1 and Bridge Loan Fund 2 violated Sections 5(a) and 5(c) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§ 77e(a) and 77e(c)]; Shapiro, Woodbridge, WSF, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1 and Bridge Loan Fund 2 violated Section 17(a)(2) of the Securities Act [15 U.S.C. § 77q(a)(2)] and Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5(b) [17 C.F.R. § 240.10b-5(b)]; Shapiro and the Corporate Defendants violated Sections 17(a)(1) and (3) of the Securities Act [15 U.S.C. §§ 77q(a)(1) and (3)] and Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Exchange Act Rules 10b-5(a) and (c) [17 C.F.R. §§ 240.10b-5(a) and (c)]; Shapiro and RS Trust violated Section 20(a) of the Exchange Act [15 U.S.C. § 78t(a)]; Woodbridge and WSF violated Section

15(a) of the Exchange Act [15 U.S.C. § 78o(a)]; and Shapiro aided and abetted Woodbridge's and WSF's violations of Section 15(a) of the Exchange Act.

13. Unless restrained and enjoined, the Defendants are reasonably likely to continue to violate the federal securities laws. The Commission seeks several forms of relief, including asset freezes, appointment of a Receiver, sworn accountings, and an order prohibiting the destruction of documents. The Commission also seeks permanent injunctions and civil money penalties against all the Defendants, and disgorgement of ill-gotten gains against the Defendants and Relief Defendants.

II. DEFENDANTS AND RELIEF DEFENDANTS

A. Defendants

14. **SHAPIRO** is a resident of Sherman Oaks, California and also maintains a residence in Aspen, Colorado. He is a Florida registered voter, and his voter information provides a Palm Beach County address. During all relevant times Shapiro was Woodbridge's owner and President and maintained sole operational control over the company. Shapiro is not, and has never been, registered with the Commission, FINRA, or any state securities regulator. Shapiro personally solicited investors, including several high net-worth individuals, to invest in Woodbridge. At all relevant times, Shapiro controlled each of the Corporate Defendants and is the beneficial owner of RS Trust, which owns the entities that hold title to the properties.

15. **WOODBIDGE** is a Sherman Oaks, California-based financial company not registered with the Commission in any capacity with no publicly traded stock. Formed in 2014, Woodbridge served as the main operating company of Shapiro's businesses with approximately 140 employees in offices in six states, including in Boca Raton, Florida. Woodbridge formerly

operated as Woodbridge Structured Funding, LLC and was headquartered in Boca Raton, Florida.

16. **RS TRUST** is an irrevocable domestic asset protection trust settled under Nevada law under the control of Shapiro for the benefit of himself and his family. RS Trust is an umbrella asset trust holding all of Shapiro's business entities and personal assets, including, but not limited to, WMF, Woodbridge, WSF, Shapiro Holding LLCs and Shapiro Property LLCs. RS Trust, as the beneficial owner of all of Shapiro's business entities, maintained operational control of each of the investment offerings through its ownership of Woodbridge, WSF, and WMF.

17. **WMF** is a California Limited Liability Company formed on June 25, 2012. WMF, a privately owned entity, was controlled during all relevant times by Shapiro. WMF is a holding company for various Shapiro business entities including, but not limited to, Woodbridge, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1 and Bridge Loan Fund 2.

18. **WSF** is a Delaware Limited Liability Company formed on July 20, 2009. WSF was owned and controlled by Shapiro during all relevant times. WSF is not, and has never been, registered with the Commission in any capacity and has no publicly traded stock. From 2012 through approximately 2015, WSF served as the operating company of Shapiro's business entities, including but not limited to, the securities offerings at issue and maintained Shapiro's businesses' primary bank account.

19. **FUND 1** is a Delaware Limited Liability Company formed on June 25, 2012. At all relevant times, Shapiro was the President and CEO of Fund 1 which is wholly-owned by WMF. On August 2, 2012, Fund 1 filed with the Commission a Form D notice of exempt

offering of securities pursuant to Rule 506 of Regulation D of the Securities Act seeking to raise \$10 million from investors.

20. **FUND 2** is a Delaware Limited Liability Company formed on December 6, 2013. At all relevant times, Shapiro was the President and CEO of Fund 2 which is wholly-owned by WMF. On January 8, 2014, Fund 2 filed with the Commission a Form D notice of exempt offering of securities pursuant to Rule 506(b) of Regulation D of the Securities Act seeking to raise \$25 million from investors.

21. **FUND 3** is a Delaware Limited Liability Company formed on September 9, 2014. At all relevant times, Shapiro was President and CEO of Fund 3 which is wholly-owned by WMF. On September 19, 2014, Fund 3 filed with the Commission a Form D notice of exempt offering of securities pursuant to Rule 506(b) of Regulation D of the Securities Act seeking to raise \$50 million from investors.

22. **FUND 3A** is a Delaware Limited Liability Company formed on July 28, 2015. At all relevant times, Shapiro was the President and CEO of Fund 3A which is wholly-owned by WMF. On October 30, 2015, Fund 3A filed with the Commission a Form D notice of exempt offering of securities pursuant to Rule 506(b) of Regulation D of the Securities Act seeking to raise \$100 million from investors.

23. **FUND 4** is a Delaware Limited Liability Company formed on June 3, 2015. At all relevant times, Shapiro was the President and CEO of Fund 4 which is wholly-owned by WMF. On November 21, 2016, Fund 4 filed with the Commission a Form D notice of exempt offering of securities pursuant to Rule 506(b) of Regulation D of the Securities Act seeking to raise \$100 million from investors.

24. **BRIDGE LOAN FUND 1** is a Delaware Limited Liability Company formed on May 7, 2015. At all relevant times, Shapiro was the President and CEO of Bridge Loan Fund 1 which is wholly-owned by WMF. On June 17, 2015, Bridge Loan Fund 1 filed with the Commission a Form D notice of exempt offering of securities pursuant to Rule 506(c) of Regulation D of the Securities Act seeking to raise \$50 million from investors.

25. **BRIDGE LOAN FUND 2** is a Delaware Limited Liability Company formed on July 28, 2015. At all relevant times, Shapiro was the President and CEO of Bridge Loan Fund 2 which is wholly-owned by WMF. On November 22, 2016, Bridge Loan Fund 2 filed with the Commission a Form D notice of exempt offering of securities pursuant to Rule 506(c) of Regulation D of the Securities Act seeking to raise \$100 million from investors.

26. **SHAPIRO PROPERTY LLCs** are 142 Delaware and Colorado Limited Liability Companies owned, and at all relevant times controlled by Shapiro and/or Jeri Shapiro (through RS Trust), which own real estate purchased with investor funds underlying the securities at issue. A list of each Shapiro Property LLC is included in Appendix A.

27. **SHAPIRO HOLDING LLCs** are 130 Delaware and Colorado Limited Liability Companies that own the Shapiro Property LLCs. The Shapiro Holding LLCs were at all relevant times owned and controlled by Shapiro through RS Trust. A list of each Shapiro Holding LLC is included in Appendix A.

B. Relief Defendants

28. **JERI SHAPIRO** is Shapiro's wife, and a resident of Sherman Oaks, California who also maintains a residence in Aspen, Colorado. Jeri Shapiro is not, nor has she ever been, registered with the SEC, FINRA or any state securities regulator. She has been employed as a

Vice President of Woodbridge since approximately 2012. Without any legitimate basis, Jeri Shapiro received investors' proceeds emanating from the Defendants' securities fraud.

29. **GLEN OWNERS** is Colorado based Limited Liability Company formed on September 24, 2012. Jeri Shapiro is its Managing Member, and its Member is Basalt Owners. Its stated principal place of business is the same as that of Woodbridge's in Sherman Oaks, California. Without any legitimate basis, Glen Owners received investors' proceeds emanating from the Defendants' securities fraud.

30. **BASALT OWNERS** is a Delaware based Limited Liability Company formed on September 24, 2012. Its Member was Jeri Shapiro, who then assigned her membership to The JS Family Trust as a substitute member on January 7, 2013. Without any legitimate basis, Basalt Owners received investors' proceeds emanating from the Defendants' securities fraud.

31. **GLEN LOT 18** is a Colorado based Limited Liability Company formed on May 6, 2013. Jeri Shapiro is its Manager, and has unlimited authority to bind Glen Lot 18 regarding the executing of instruments conveying, encumbering or otherwise affecting title to real property on behalf of Glen Lot 18. Its stated principal place of business is the same as that of Woodbridge's in Sherman Oaks, California. Without any legitimate basis, Glen Lot 18 received investors' proceeds emanating from the Defendants' securities fraud.

32. **WOODBIDGE REALTY** is a Carbondale, Colorado based Limited Liability Company formed on August 20, 2014, owned by Woodbridge, and at all relevant times controlled by Shapiro. Woodbridge Realty is a real estate brokerage firm responsible for purchasing and selling Colorado real property owned by several of the Shapiro Property LLCs. Without any legitimate basis, Woodbridge Realty received investors' proceeds emanating from the Defendants' securities fraud.

33. **MERCER VINE** is a Los Angeles based, California corporation formed on August 6, 2014, majority-owned by Woodbridge, and at all relevant times managed and controlled by Shapiro. Mercer Vine is a real estate brokerage firm responsible for purchasing, developing and selling California real property owned by several of the Shapiro Property LLCs. Without any legitimate basis, Mercer Vine received investors' proceeds emanating from the Defendants' securities fraud.

34. **RIVERDALE** is a Delaware Limited Liability Company formed in 2012, owned by Woodbridge, and at all relevant times controlled by Shapiro. Riverdale is engaged in the business of providing hard-money loans to third-party clients and servicing those loans. Without any legitimate basis, Riverdale received investors' proceeds emanating from the Defendants' securities fraud.

35. **SCHWARTZ MEDIA** is a Delaware Limited Liability Company formed on June 11, 2012 and owned and managed by Jeri Shapiro. Without any legitimate basis, Schwartz Media received investors' proceeds emanating from the Defendants' securities fraud.

36. **WFS** is a Delaware Limited Liability Company formed in September 2017 and owned and managed by Shapiro. Pursuant to Woodbridge's bankruptcy filing and a Transition Services Agreement ("TSA") dated December 1, 2017, Shapiro was retained as a consultant to Woodbridge at the monthly rate of \$175,000 paid to WFS for the benefit of Shapiro. Shapiro was paid the first \$175,000 in advance upon executing the Transition Agreement. Without any legitimate basis, WFS received investors' proceeds emanating from the Defendants' securities fraud.

III. OTHER REGULATORY ACTIONS

37. On July 17, 2017, the Commission brought a subpoena enforcement action in this District (Case No. 17-mc-22665-Altonaga/Goodman) against Woodbridge after Woodbridge failed to produce documents required under the Commission's January 31, 2017 subpoena, including key documents relevant to the Commission's investigation into Woodbridge's investments and business operations such as company emails of Robert Shapiro and Woodbridge's Controller. After obtaining an order requiring production, the Commission was forced to move for contempt as Woodbridge continued to fail to produce the emails.

38. On October 31, 2017, the Commission brought a second subpoena enforcement action in this District (Case No. 17-mc-23986-Huck/McAliley) against 235 Limited Liability Companies ("235 LLCs") affiliated with Woodbridge and Shapiro after the 235 LLCs failed to produce documents required under the Commission's August 16 and 17, 2017 subpoenas, which sought information related to their ownership structure and payments purportedly made by them to Woodbridge. Many of the 235 LLCs subject to the Commission's subpoena enforcement action are named as Defendants here.

39. Since 2015, regulators in at least eight states have filed civil or administrative actions against one or more of the Corporate Defendants and certain of their sales agents alleging they have engaged in the unregistered offering of securities in their respective jurisdictions and have unlawfully acted as unregistered investment advisors or broker-dealers. Six states, California, Massachusetts, Texas, Arizona, Pennsylvania, and Michigan, have entered temporary or permanent cease and desist orders against one or more of the Corporate Defendants related to their unregistered sale of securities.

IV. CHAPTER 11 RESTRUCTURING BANKRUPTCY FILING

40. Beginning on December 4, 2017, and on subsequent dates thereafter, the Corporate Defendants (except RS Trust) voluntarily filed for Chapter 11 bankruptcy, *In re Woodbridge Group of Companies LLC, et al.*, Case No. 17-12560 (jointly administered) (Bankr. D. Del. Dec. 4, 2017) (“Bankruptcy Case”). Soon after the filing, the Commission, the U.S. Trustee, and the Committee of Unsecured Creditors filed for the appointment of a Trustee, with the specific aim of ousting a purported Independent Manager and Chief Restructuring Officer handpicked by Shapiro. After an evidentiary hearing in the bankruptcy court, the parties reached a settlement where a new three-member board of directors was appointed to manage the debtor, which also included the appointment of a new Chief Executive and Chief Restructuring Officer.

V. JURISDICTION AND VENUE

41. This Court has jurisdiction over this action pursuant to Sections 20(b), 20(d) and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d) and 77v(a)]; and Sections 21(d), 21(e) and 27(a) of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e) and 78aa(a)].

42. This Court has personal jurisdiction over the Defendants and venue is proper in the Southern District of Florida for several reasons. Woodbridge maintains an office in Boca Raton. In addition, Woodbridge raised at least \$114 million from approximately 700 investors residing in this district. Woodbridge also paid over \$12 million in transaction-based commissions to 20 sales agents located in this district. Prior to 2016, Woodbridge operated as WSF, and was headquartered in Boca Raton, Florida.

43. In connection with the conduct alleged in the Amended Complaint, Defendants, directly and indirectly, singly or in concert with others, made use of the means or

instrumentalities of interstate commerce, the means or instruments of transportation or communication in the interstate commerce, and of the mails.

VI. OVERVIEW OF WOODBRIDGE'S FRAUDULENT BUSINESS

44. Beginning in July 2012 through at least December 4, 2017, Shapiro and the Corporate Defendants orchestrated a massive Ponzi scheme raising in excess of \$1.22 billion from over 8,400 nationwide investors. At least 2,600 of these investors used their Individual Retirement Account funds to invest nearly \$400 million.

45. Woodbridge sold investors two primary types of securities: (1) a twelve-to-eighteen month term promissory note bearing 5%-8% interest that Woodbridge described as First Position Commercial Mortgages ("FPCM Investment" and "FPCM Investors"), and (2) seven different private placement fund offerings with five-year terms ("Fund Offerings" and "Fund Investors").

46. The purported revenue source enabling Woodbridge to make the payments to FPCM Investors was the interest a Woodbridge affiliate would be receiving from mainly one-year loans to supposed third-party commercial property owners ("Third-Party Borrowers").

47. Woodbridge told investors that these Third-Party Borrowers were paying the company 11-15% annual interest for "hard money," short-term financing. As an additional source of revenue, Woodbridge told Fund Investors that it would purchase properties to develop and sell for a profit.

48. Woodbridge employed a sales team of approximately 30 in-house employees that operated within Woodbridge's offices. Woodbridge also utilized a network of hundreds of external sales agents to solicit investments from the general public by way of television, radio,

and newspaper advertisements, cold calling campaigns, social media, websites, seminars, and in-person presentations.

49. Although virtually none of these sales agents were registered with any regulatory agency, Woodbridge paid them more than \$64.5 million in transaction-based compensation in the form of commissions for selling investments in Woodbridge securities.

50. In reality, Woodbridge's business model was a sham—the vast majority of the purported Third-Party Borrowers were hundreds of Shapiro owned and controlled LLCs, which had no source of income, no bank accounts, and never made any loan payments to Woodbridge, all facts Woodbridge and Shapiro concealed from investors. Rather, Shapiro and Woodbridge continued its ruse for the past several years by supporting its business operations nearly entirely by raising and using new investor funds, in classic Ponzi scheme fashion.

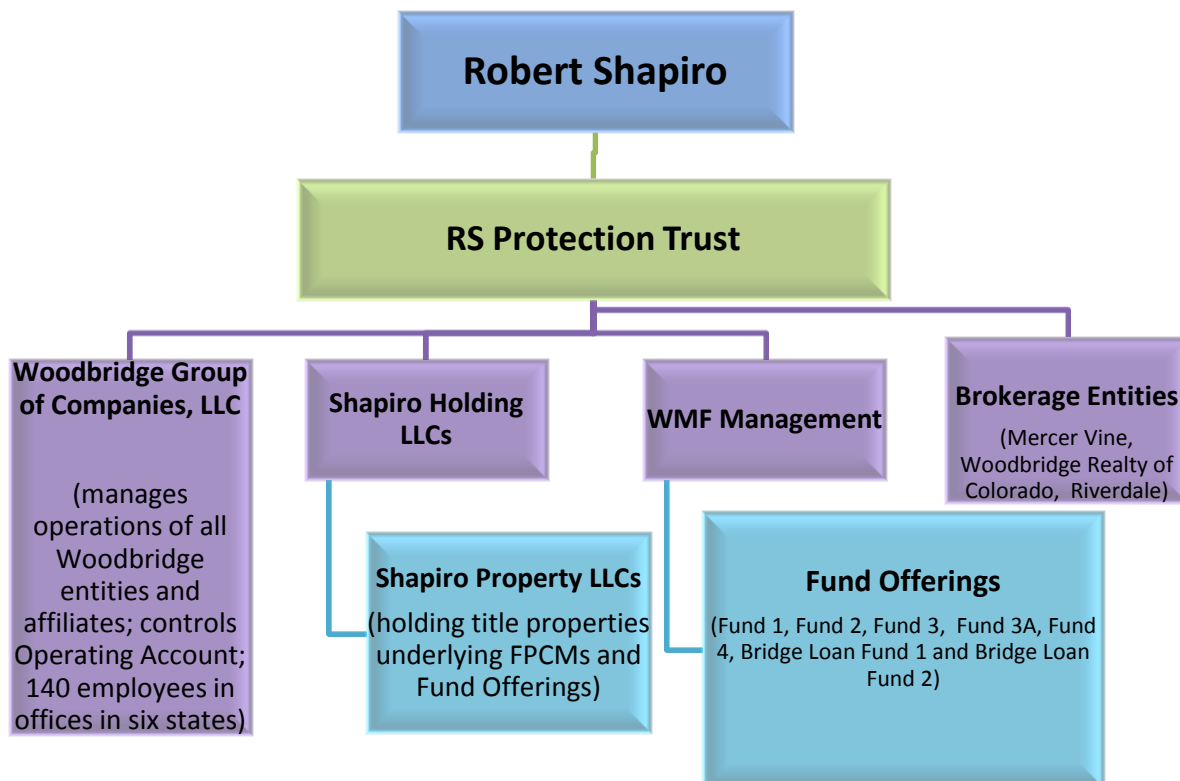
51. For example, although Woodbridge raised at least \$1.22 billion dollars from FPCM and Fund Investors, it issued only approximately \$675 million in “loans”. Rather than generating the 11-15% interest as promised, the loans generated only \$13.7 million from Third-Party Borrowers, significantly less than required to operate Woodbridge's business and pay returns to investors. Despite this significant shortfall, Woodbridge paid investors more than \$368 million in interest, dividends, and principal repayments. Woodbridge spent another \$172 million on operating expenses, and \$21.2 million to support Shapiro's extravagant lifestyle.

52. To keep the fraudulent operation afloat, and because Shapiro's Property LLC's were not making any of the promised interest payments and Woodbridge's other revenue was minimal, Woodbridge and Shapiro required a continuous infusion of new investor funds and needed existing FPCM Investors to rollover their investment into a new note at the end of the term, so as to avoid having to come up with the cash to repay the principal.

53. Finally, on December 1, 2017, after amassing more than \$1.22 billion dollars of investor money, with more than \$961 million in principal still due to investors, Woodbridge and Shapiro missed their first interest payments to investors after purportedly ceasing their fundraising activities. Without the infusion of new investor funds, just days later, on December 4, 2017, Shapiro caused most of his companies to be placed in Chapter 11 Bankruptcy.

A. Woodbridge's Flawed Business Model

54. Woodbridge was the principal operating company of Shapiro's businesses and employed approximately 140 people in offices in six states. This is a chart of the basic corporate structure of Shapiro's entities:



55. Since its inception, Woodbridge was wholly-owned by Shapiro, who maintained sole operational control over Woodbridge and each of its affiliates.

56. Woodbridge's seven private placement Fund Offerings were managed by its affiliate WMF, another Shapiro owned and controlled company.

57. Woodbridge solicited the general public to invest in its securities offerings through its website, telemarketing, point-and-click internet ads, social media, direct mail, seminars, and in-person group sales presentations.

58. None of the securities sold by Shapiro were registered with the Commission, nor was Woodbridge, WSF, WMF, or any of the Woodbridge affiliates.

i. Woodbridge's Fundraising Activities - FPCM Securities and Fund Offerings

59. Woodbridge's FPCM investment business model was to borrow money from investors and in exchange issue the FPCM Investor a promissory note ("FPCM Note") maturing in twelve (or sometimes up to eighteen) months, bearing an annual interest rate of 5-8%, payable monthly. The FPCM Note was issued by either Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1, or Bridge Loan Fund 2 ("Fund Entity" or collectively referenced as "Fund Entities").

60. Woodbridge represented that the FPCM Investment was a "simple, safer and more secured opportunity for individuals to achieve their financial objectives." Woodbridge told investors that it was making short-term, high interest rate loans to Third-Party Borrowers, which would be secured by real estate.

61. These Third-Party Borrowers, Woodbridge claimed, were bona-fide commercial property owners that could not obtain traditional loans and were willing to pay Woodbridge higher interest rates for short-term financing.

62. Woodbridge provided FPCM Investors three primary documents: (1) a promissory note, (2) collateral assignment of note and mortgage, and (3) an inter-creditor agreement. Each of these documents created the illusion of a legitimate business.

63. Woodbridge promised FPCM Investors a pro-rata first position lien interest in the underlying property and told them that their returns would be generated by interest payments made by the Third-Party Borrowers.

64. Woodbridge represented that the Fund Entity would in turn pool money received from many FPCM Investors and lend those funds to a Third-Party Borrower for one-two years and for up to only 60-70% of the value of the real estate securing the transaction ensuring that the “properties that secure the mortgages are worth considerably more than the loans themselves at closing.”

65. At the same time it was soliciting FPCM Investors, Woodbridge offered a second type of security offering, the Fund Offering, to investors through Funds 1, 2, 3, 3A, and 4, and Bridge Loan Funds 1 and 2, pursuant to purported exemptions from registration under Rules 506(b) and (c) of Regulation D of the Securities Act, collectively seeking to raise at least \$435 million from investors.

66. Woodbridge, in an attempt to avoid registration of its securities with the Commission, purportedly limited each of the Fund Offerings to accredited investors with a \$50,000 minimum subscription and provided for a five-year term with a 6% to 10% aggregate annual return paid monthly to Fund Investors and a 2% “accrued preferred dividend” to be paid at the end of the five-year term and a share of “profits”.

67. In the offering memoranda for the Fund Offerings, Woodbridge represented to Fund Investors that their funds would be used for real estate acquisitions and investments,

notably including Woodbridge's FPCMs. The Fund Offerings, in effect, were investments into pooled FPCMs. Many of these pools contained 40 or more investors.

68. The loans to Third-Party Borrowers typically ranged in amounts between \$1 million and \$90 million, depending on the value of the Third-Party Borrowers' property.

69. Woodbridge told investors that it conducted all due diligence including title search and appraisal on the commercial property and borrower. The investors did not have any role in selecting or analyzing the underlying properties.

70. Shapiro identified the properties underlying the investments, approved every real estate purchase, and selected the amount and type of investments sold.

71. In addition, the expected profitability of the investments, as well as the promise to pay returns, were derived solely from the efforts of Shapiro and Woodbridge. Once investors provided their funds to Woodbridge, they had no control over how Shapiro and Woodbridge used their money.

72. At the end of the one-year term, the Third-Party Borrower was obligated to repay Woodbridge the principal amount of the loan and if it defaulted, Woodbridge could foreclose on the property to recover the amount owed.

73. The transaction between the Fund Entity and the Third-Party Borrower was documented with a promissory note ("Fund Note") between the Fund Entity and the Third-Party Borrower, as well a mortgage in favor of the Fund Entity. The Fund Note carried an interest rate equal to usually 11% but sometimes as high as 15% per annum.

74. Therefore, if the Fund Entity loaned money to a Third-Party Borrower at 11% interest, but borrowed money from the FPCM Investor at 5% interest, then the spread or

difference in rate of 6% was income available to the Fund Entity and Woodbridge that they could use to pay expenses including operating expenses and sales commissions.

75. Each Fund Offering memoranda provided that the company was reserving between 5% and 8% of the total amount raised for commissions to “licensed broker/dealers.” Shapiro determined sales agents’ commissions.

76. Woodbridge’s in-house sales team of approximately 30 sales agents, led by Head of Sales “DR,” was responsible for soliciting Fund Investors. These sales agents received transaction-based compensation for sales of Fund Offerings.

77. Shapiro hand-signed thousands of checks to investors and sales agents. In fact, Shapiro controlled Woodbridge’s bank accounts and was the sole signer on all of Woodbridge and its affiliates’ bank accounts.

ii. Marketing Materials Claimed Safety of Investment

78. In numerous marketing materials sent to FPCM Investors, Woodbridge described this investment as “low risk,” “simpler,” “safe” and “conservative” and that investor returns were generated by the Third-Party Borrowers’ interest payments.

79. For example, Woodbridge wrote in marketing materials that “Woodbridge receives the mortgage payments directly from the borrower, and Woodbridge in turn delivers the loan payments to you under your first position documents.” As discussed below, this was a lie.

80. Woodbridge went on to represent to investors that having a “first-position” means “you have priority over any other liens or claims on a property if the property owner defaults. ***It puts you in control.***”

81. Woodbridge further reassured investors, telling them not to worry about the borrower not making their loans payments because Woodbridge would continue to pay the

investor their interest payments. For example, in a Frequently Asked Question brochure for the FPCM product, Woodbridge stated the following:

Q: If the borrower does not make their payments to Woodbridge will I be informed?

A: This question is actually irrelevant, because Woodbridge would continue to make monthly payments to you . . . and may or may not inform you of the underlying non-payment. *As long as Woodbridge continues to make regular payments to you, there would be no reason to be concerned.*

These statements were materially misleading. In fact, virtually no Third-Party Borrowers would be making payments to Woodbridge, which made payments to investors not through earnings, but by continuous new investor funds and rollovers. The scheme's collapse was only a matter of time, and investors had every "reason to be concerned." Woodbridge and Shapiro disclosed none of this to investors.

B. Fraudulent Conduct

i. Woodbridge Was a Ponzi Scheme Orchestrated by Shapiro and His Entities

82. Overall, between July 2012 and December 2017, Woodbridge and Shapiro raised over \$1.22 billion from more than 8,400 FPCM Investors and Fund Investors.

83. During this time, Woodbridge collected only about \$13.7 million in interest from Third-Party Borrowers. Yet during this time frame, Woodbridge, using investor funds, paid more than \$103 million in monthly interest to FPCM Investors and dividends to Fund Investors, and another \$265 million to repay principal to investors. The amount of principal remaining due to FPCM Investors and Fund Investors exceeds \$961 million.

84. Woodbridge also spent another \$172 million of investor funds on operating expenses, including \$64.5 million on sales agent commissions and \$44 million on payroll.

85. Moreover, Woodbridge and Shapiro pooled FPCM Investors' and Fund Investors' investment funds into Fund Entity bank accounts and then further commingled them into a single Woodbridge or WSF operating account under Shapiro's control. The commingling was extensive and resulted in transfers totaling approximately \$1.66 billion and exceeded 10,700 transactions.

86. WMF also participated in the scheme by managing the various Fund offerings, including commingling all investor proceeds into one operating account and paying returns to investors using investor proceeds.

87. Instead of issuing loans to unaffiliated Third-Party Borrowers in arms-length transactions, Woodbridge and Shapiro used FPCM Investors' and Fund Investors' funds to purchase almost 200 residential and commercial properties located primarily in Los Angeles, California and Aspen, Colorado, and placed title to those property in the name of one of the Shapiro Property LLCs, which were ultimately owned by Shapiro through RS Trust.

88. In order to document the fraudulent transaction, the Fund Entity issued promissory notes, that, on their face, indicated a purported loan was being made from one of the Fund Offerings to a Third-Party Borrower. These notes promised that the particular Shapiro Property LLC as the Third-Party Borrower would pay interest to the Fund Entity loaning it money. However, as Shapiro knew at the time he signed the note, the Shapiro Property LLC could not and would not make the promised loan payments because it lacked any source of revenue, a fact not disclosed to investors.

89. Beginning in December 2013, when Fund 2 was formed, and subsequently with Funds 3, 3A, and 4, the amount of funds loaned to entities affiliated with Shapiro was in excess of 70%--and as high as 98%--of Woodbridge's overall loan portfolio.

90. The purported Third-Party Borrowers made minimal interest payments, and thus payments to the FPCM Investors and Fund Investors were almost exclusively from funds Woodbridge received from other investors, in classic Ponzi scheme fashion. Shapiro and Woodbridge concealed these facts from investors.

ii. Woodbridge's Sales Team Perpetuated the Fraud at Shapiro's Behest

91. As a result of the Shapiro Borrowers' lack of revenue and failure to make any interest payments, Woodbridge and Shapiro required the continuous infusion of new funds from investors in order to keep the scheme afloat.

92. Woodbridge did not evaluate whether the FPCM investors were "sophisticated," "accredited" or otherwise had any particular financial acumen. Indeed, instructions from a company providing Woodbridge with leads on potential investors remarked that leads followed up within 20 minutes of generation are "where your sales team will find the majority of low hanging, easiest to harvest fruit."

93. Woodbridge could not afford to return investors their principal investments, so when FPCM Notes came due, Woodbridge and Shapiro sought extensions and re-enrollment of FPCM investors at the end of their terms, and sought to move FPCM Investors into the longer five-year term Fund Offerings. Woodbridge aggressively sought to avoid investors cashing out at the end of their terms and in fact touted achieving a 90% re-enrollment rate. In marketing materials Woodbridge boasted "clients keep coming back to [Woodbridge] because time and experience have proven results. Over 90% national renewal rate!"

94. In oral sales presentations, marketing materials provided to prospective investors, advertisements and on its website, Woodbridge and Shapiro made materially false and

misleading statements to induce prospective investors to invest in the FPCMs and Fund Offerings.

95. In one recorded phone call, a Woodbridge internal salesman falsely represented to a prospective investor that Woodbridge is “lending and not purchasing the properties.” The salesman further told the investor that the equity in the property “protects us from a property owner defaulting” while omitting the material fact that the property owner was a Woodbridge affiliate which would not be making any interest payments on the “loan”.

96. The Fund Offering and FPCM Offering sales materials included a host of misstatements meant to entice investors to “safe” and “secured” offerings with returns generated by Third-Party Borrowers’ interest payments. These misrepresentations had the effect of concealing the true nature of Woodbridge’s business—a large-scale Ponzi scheme using only new investor funds as the source of existing investors’ returns.

97. DR, the Head of Sales, reported directly to Shapiro, who called for daily sales updates from DR. Shapiro demanded that DR and the Woodbridge sales team continuously seek to “move your loan from the First Position Mortgage . . . even if your term hasn’t expired yet—to our higher-return Mortgage Investment Fund.” Woodbridge threatened to terminate its relationship with external sales agents who would not permit Woodbridge to contact the sales agents’ clients about moving from the FPCM to the longer term Fund Offerings.

98. Shapiro provided frequent, often daily, requirements to DR of the number (“we need to raise 45 million in the next 39 days.”) and type (“I need \$5 million in [Fund Investors] in the next 2 weeks”) of securities that needed to be sold.

99. To ensure compliance with these demands, Shapiro would either threaten his employees with termination or promise bonuses.

100. DR raised FPCM funds even when Woodbridge had no inventory of available real estate properties. For example, March 4, 2016, DR celebrated with Woodbridge's sales team that "even without being able to fund due to lack of inventory we funded over 37 million in [FPCMs] and 6 million in [Fund Offerings]!!!!!! By far our biggest month to date!!!!!" and congratulated Woodbridge's sales team, stating "WE ARE WINNERS!!!!"

101. Woodbridge retained sales commissions for the sale of their investment products (5% - 8% of the total amount raised) and paid their largely unregistered sales agent employees transaction-based commissions.

102. Shapiro was also notified whenever an investor chose to withdraw their funds from Woodbridge. He also personally solicited bridge loans from wealthy individuals to cover gaps in the company's funding as needed. These loans represented tens of millions of dollars and were repaid in short time frames once investor funds were available.

103. Woodbridge also recruited a network of several hundred external, mostly unregistered, sales agents. Woodbridge provided the sales agents with the information and sales materials that the external sales agents gave to FPCM Investors. Every piece of sales material required Woodbridge's approval.

104. The external sales agents solicited the general public through marketing materials created, and in many cases, paid for by Woodbridge, which the external sales agents disseminated via television commercials, radio ads and talk shows, newspaper ads, social media, newsletters and internet websites.

105. Woodbridge supplied the external sales agents a sales packet to provide each prospective FPCM Investor that contained a one-page description of the key terms of the FPCM, a list of FAQs, and perfunctory examples of the collateral properties. Woodbridge also posted

these documents online and instructed external sales agents to direct their clients to the company's website to view them.

106. Woodbridge's marketing materials included a graphic that summarized the FPCM Investment as follows:



107. In reality, the claimed interest payments from the purported third-party “property owner” (Circle 3) to Woodbridge (Circle 2) did not exist. Payments to the FPCM Investors and Fund Investors derived almost exclusively from funds Woodbridge received from other investors.

108. Woodbridge further lied to investors in marketing materials when it claimed it “receives the mortgage payments directly from the borrower, and Woodbridge in turn delivers the loan payments to you.”

109. Woodbridge's training manual included a sales script for its internal sales agents to follow when offering the FPCM program to external sales agents. The script reiterated the information contained in the sales packet and on the website. Hence, to entice investors, these external sales agents, used a variety of sales techniques and represented the investment as being "low risk," "safe," "simpler," and "conservative." When they pitched the investments, sales agents repeated Woodbridge's lies that investor returns were generated by Third-Party Borrowers' interest payments. However, given the absence of revenue and Woodbridge's and Shapiro's misappropriation of investor money, the investments were anything but safe.

110. To ensure its sales agents followed this script, Woodbridge maintained an internal telephone recording system monitored by quality assurance personnel who reported any inconsistencies to DR.

111. Woodbridge offered its FPCM product to its external sales agents at a 9% wholesale rate, and the agents in turn offered the FPCM to their investor clients at 5% to 8% annual interest—the external sales agent received a commission equivalent to the difference.

112. Overall, Woodbridge paid external sales agents at least \$64.5 million in commissions through this arrangement.

113. Many of their sales agents were not associated with registered broker-dealers or investment advisory firms. Several of these sales agents, including some of the highest producers, had been censured or barred by the Commission, FINRA or state securities regulators. Woodbridge did not disclose this to investors.

iii. Misuse and Misappropriation of Investor Funds

114. Instead of investing their funds as promised, Woodbridge and Shapiro misused and misappropriated hundreds of millions of dollars that Fund Investors and FPCM Investors entrusted to them.

115. Although Woodbridge, through the Shapiro Property LLCs, purchased almost 200 properties in and around Aspen and Los Angeles for approximately \$675 million, the company has generated nominal net proceeds. Many of the properties Woodbridge purchased remain as vacant lots that have sat undeveloped for several years.

116. In the meantime, Shapiro treated himself to an exorbitant lifestyle, at the investors' expense.

117. Shapiro misappropriated at least \$23.4 million for his own personal benefit and to benefit his related entities or family members. For example, Shapiro charged at least \$9 million dollars on credit cards which were paid for nearly entirely by one or more Woodbridge entity. In fact, about 99% of the payments made toward those credit cards were derived from Woodbridge.

118. Shapiro charged personal items, including extravagant travel expenses, luxury brand items, and furnishings. For example, Shapiro used investor funds on the following:

- \$200,000 at Four Seasons Hotels and Ritz Carlton Hotels.
- \$34,000 on limousine services.
- \$1.6 million on home furnishings.
- \$1.4 million on luxury retail purchases like Louis Vuitton and Chanel.
- \$700,000 on meals and entertainment.
- \$600,000 on political contributions.
- \$400,000 on jewelry.

- \$308,000 on wine.

119. In addition to the credit card charges, Shapiro spent additional investor funds as follows:

- \$3.1 million to charter private planes.
- \$1.2 million in alimony to his ex-wife.
- \$340,000 in luxury automobiles.
- \$130,000 on country club fees.

120. Woodbridge and Shapiro also paid nearly \$1 million to a rare coin and precious metal firm, purportedly for client gifts.

121. Another of Shapiro's companies, Woodbridge Realty, acted as the real estate brokerage firm responsible for purchasing and selling the Colorado real property owned by several of the Shapiro Property LLCs. Between 2015 and 2017, Woodbridge Realty and Woodbridge continuously transferred funds back and forth to each other in excess of \$6 million dollars, with net funds to Woodbridge Realty of approximately \$1.5 million. Woodbridge Realty received these funds without any legitimate basis. Similarly, Mercer Vine, a company majority owned by Shapiro and managed by him, is a real estate brokerage firm responsible for purchasing, developing and selling the California real property owned by several of the Shapiro Property LLCs. Between 2015 and 2017, Mercer Vine and Woodbridge continuously transferred funds back and forth to each other in excess of \$8 million dollars, with net funds to Mercer Vine of approximately \$1.5 million. Mercer Vine received these funds without any legitimate basis. Furthermore, when Woodbridge bought or sold properties, Woodbridge Realty and Mercer Vine received a sales commission. Therefore, Shapiro also lined his pockets with investor funds by receiving portions of these sales commissions.

122. Riverdale is another Woodbridge company controlled by Shapiro which engaged in the business of providing hard-money loans to third-party clients and servicing those loans. From 2014 through 2017, in a series of approximately 15 incoming and outgoing transfers to Woodbridge's operating account and Fund 2, ranging from \$500 to \$3.8 million, Riverdale netted approximately \$143,000 during the relevant time frame of the Ponzi scheme, without any legitimate basis.

123. WFS was formed in September 2017 and is owned and managed by Shapiro. Its sole purpose was to receive funds for a \$175,000 per month "consulting" fee provided for in the TSA, negotiated by Shapiro in exchange for his agreement for Woodbridge to file for bankruptcy. On the eve of Woodbridge's bankruptcy filing, Woodbridge made the first \$175,000 payment to WFS. Without any legitimate basis, WFS received investors' proceeds emanating from the Defendants' securities fraud. Subsequently, new bankruptcy management ceased payment to WFS and sought to reject the TSA. On March 19, 2018, the bankruptcy court in the Bankruptcy Case entered an Order authorizing the rejection of the TSA between Woodbridge and WFS, *nunc pro tunc*, to the rejection date.

124. Shapiro's wife, Jeri Shapiro, received substantial benefits from Shapiro's misappropriation of investor funds. From 2012 through 2017, Jeri Shapiro, without any legitimate basis, received almost \$1.3 million from Woodbridge's operating account in recurring transfers ranging from \$2,000 up to \$275,000.

125. Further, entities owned and controlled by Jeri Shapiro, without a legitimate basis, received investor proceeds emanating from the Defendants' securities fraud. From 2013 through 2016, Basalt Owners, received recurring transfers from Woodbridge's operating account ranging from \$2,250 to \$27,500 for a total of approximately \$466,000. Further, on three separate

occasions in late July and early August 2013, Woodbridge transferred funds totaling \$315,000 to its Colorado real estate counsel for the benefit of Basalt.

126. From 2013 through 2016, in similar recurring transfers, Woodbridge provided Glenn Owners approximately \$156,000 for the maintenance of a home Glen Owners purchased in Colorado. And in May, 2013, Woodbridge provided Glen Lot 18 \$100,000 for the purchase of a vacant lot in Colorado. Finally, between 2013 and 2017, Schwartz Media and Woodbridge continuously transferred funds back and forth to each other in excess of \$34 million dollars, with net funds to Schwartz Media of approximately \$400,000. All of these payments to Jeri Shapiro and these entities under her control, were without a legitimate basis and were from investors' proceeds emanating from the Defendants' securities fraud.

iv. Internal Bookkeeping System Indicative of Ponzi Scheme

127. Woodbridge used a bookkeeping system wholly inconsistent with its massive fundraising activities and which was indicative of its Ponzi operation.

128. Woodbridge did not retain external auditors and used an internal bookkeeping system managed by NP, its Controller, who is not a CPA. NP operated from a satellite office in Daytona Beach, Florida, where she maintained the company's financial records with daily instructions from Shapiro.

129. NP provided Shapiro daily notifications of the company's income and expenses and provided him a monthly report showing the company's revenue and interest payments to investors.

130. The various Woodbridge entities maintained their accounting general ledgers in the accounting software QuickBooks. Woodbridge's and the Fund Entities' QuickBooks records did not accurately reflect Woodbridge's business operations.

131. For example, the QuickBooks reflect interest payments to Fund Entities totaling approximately \$93 million. However, of that figure, only about \$13 million represents actual cash payments of interest by third parties. The balance of \$80 million represents intercompany receivables created when the Shapiro Property LLCs failed (inevitably) to make interest payments when due.

132. In addition, the Fund Entities recorded assets duplicative of Woodbridge's assets, potentially overstating assets by at least \$790 million. For example, as of April 2017, Woodridge recorded mortgages and real estate investments in QuickBooks as being almost \$1.4 billion, when in reality Woodbridge's mortgages and real estate investments totaled about \$592 million through April 2017.

133. In email conversations, Shapiro and DR discuss how to manipulate Woodbridge's records to show Woodbridge's supposed "profits" from certain property development.

134. Despite creating the illusion of a profitable real estate development business, Woodbridge's revenue from development activity was nominal and woefully inadequate to satisfy its ever-increasing obligations to its investors.

v. Shapiro's Web of Limited Liability Entities Engaged in a Scheme to Defraud

135. The Shapiro Property LLCs and RS Trust also engaged in a scheme to defraud investors. Shapiro created a web of more than 100 Shapiro Property LLCs and more than 100 corresponding like-titled Shapiro Holding LLCs in order to purchase, and hold title to, properties he controlled, financed 100% by investor funds from the FPCM and Fund Offerings. The end beneficiary of the fraud being Shapiro and RS Trust, the vehicle used to ultimately hide Shapiro's beneficial title ownership of the properties.

136. WMF also participated in the scheme by managing the various Fund offerings, including commingling all investor proceeds into one operating account and paying returns to investors using investor proceeds.

vi. Shapiro and RS Trust Concealed Their Ownership of Properties

137. Shapiro and RS Trust made every effort to hide the fact that most of the Third-Party Borrowers and owners of the underlying properties were Shapiro and his family.

138. At all times relevant, Shapiro owned the real estate properties through the Shapiro Property LLCs, which were managed by Shapiro Holding LLCs, whose member is RS Trust, and whose trustee is Shapiro. None of the publicly available documentation indicated that RS Trust was the ultimate owner of the underlying properties that had been purchased with FPCM Investors' and Fund Investors' funds. These investors were not told that the vast majority of loans were made to Shapiro Property LLCs (who had no revenue), entities Shapiro controlled through RS Trust.

139. As early as 2014, Shapiro was presented the opportunity to disclose his membership interest in Limited Liability formation documents. Instead, Shapiro refused and had a high ranking Woodbridge employee instruct Woodbridge's Registered Agent to not include any member/manager information, allowing Shapiro's ownership interest to remain hidden.

140. Given that the corporate filings were predominantly in Delaware, with extremely limited public information, the Commission was forced to subpoena over two-hundred individual LLCs controlled by Shapiro seeking underlying formation documents, and then was forced to file a subpoena enforcement action in district court to obtain these documents when neither Shapiro nor the LLCs responded to those subpoenas.

vii. Violations of State Cease and Desist Orders and Attempts to Manipulate Public Perception

141. Five states, Texas, Massachusetts, Arizona, Pennsylvania, and Michigan, have issued cease and desist orders against one or more of the Corporate Defendants based on their unregistered sale of securities. Woodbridge nonetheless continued to sell their investment products to residents of those states. For example Woodbridge accepted the following FPCM investments subsequent to the dates of the cease and desist orders:

- \$3.2 million from at least 11 Massachusetts investors.
- \$2.3 million from at least 25 Texas investors.
- \$900,000 from at least 13 Arizona investors.
- \$2.6 million from at least 31 Pennsylvania investors.

142. Woodbridge and Shapiro engaged in deceptive conduct with respect to the many other pending state regulatory actions against Woodbridge for its sale of unregistered securities. Shapiro instructed DR to affirmatively withhold this information from investors and to “only tell investors if they ask.”

143. Woodbridge’s sales agents falsely mischaracterized the dispositions of these regulatory actions to external sales agents claiming that the company “was exonerated of any wrongdoing or fraudulent activity” when no such determination was actually made.

144. Shapiro also hired a public relations firm to manipulate search engine results so that investors that looked up Woodbridge would not see the state regulatory orders filed against the company.

145. Additionally, at Shapiro’s specific instruction, Woodbridge made a series of negligible charitable donations with the sole purpose of generating a stream of positive press

releases to push these regulatory actions off the front page of internet search results relating to the company.

146. More recently, Woodbridge had begun transitioning investors into a new product called a Co-Lending Opportunity (“CLO”). The CLO mirrors the FPCM in every material respect save one—the CLO’s term is for 9 months. In email communications, Shapiro and DR contended that this small change ensured that the CLO was not a security and that Woodbridge could circumvent the states’ regulatory agencies. Instead of seeking state regulators’ opinion about the CLO, Shapiro and DR planned to “switch first then settle quietly [with Colorado and California].”

viii. Continuation of Raising Investor Funds While Preparing to File For Bankruptcy

147. Beginning in the summer of 2017, Shapiro began exploring the possibility of filing for bankruptcy. However, Shapiro and Woodbridge, through Woodbridge’s network of hundreds of sales agents, continued advertising investments for FPCM, Fund Offerings and CLOs through all mediums, and continued to accept investor money without disclosing that Woodbridge was insolvent and on the verge of bankruptcy. Indeed, Woodbridge received more than \$52 million of investor money from October 2017 through the filing of its bankruptcy on December 4, 2017.

VII. CLAIMS FOR RELIEF

COUNT I

Violations of Sections 5(a) and 5(c) of the Securities Act

(Against Shapiro, Woodbridge, WMF, WSF, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1, and Bridge Loan Fund 2)

148. The Commission repeats and realleges paragraphs 1 through 147 of its Amended Complaint.

i. No registration statement was filed or in effect with the Commission pursuant to the Securities Act with respect to the securities issued by the Defendants subject to this count as described in this Amended Complaint and no exemption from registration existed with respect to these securities.

ii. From July 2012 through at least December 4, 2017, the Defendants subject to this count directly and indirectly:

- (a) made use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell securities, through the use or medium of a prospectus or otherwise;
- (b) carried or caused to be carried securities through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or delivery after sale; or
- (c) made use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise any security,

without a registration statement having been filed or being in effect with the Commission as to such securities.

149. By reason of the foregoing the Defendants subject to this count violated and, unless enjoined, are reasonably likely to continue to violate Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)].

COUNT II

VIOLATIONS OF SECTION 17(a)(1) OF THE SECURITIES ACT

(Against Shapiro, Woodbridge, RS Trust, WMF, WSF, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1, Bridge Loan Fund 2, Shapiro Property LLCs, and Shapiro Holding LLCs)

150. The Commission repeats and realleges Paragraphs 1 through 147 of this Amended Complaint as if fully set forth herein.

151. From July 2012 through at least December 4, 2017, the Defendants subject to this count, in the offer or sale of securities by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly, knowingly or recklessly employed devices, schemes or artifices to defraud.

152. By reason of the foregoing, the Defendants subject to this count, directly and indirectly have violated, and unless enjoined, are reasonably likely to continue to violate, Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)(1)].

COUNT III

VIOLATIONS OF SECTION 17(a)(2) OF THE SECURITIES ACT

(Against Shapiro, Woodbridge, WSF, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1, and Bridge Loan Fund 2)

153. The Commission repeats and realleges Paragraphs 1 through 147 of this Amended Complaint as if fully set forth herein.

154. From July 2012 through at least December 4, 2017, the Defendants subject to this count, in the offer or sale of securities by use of the means or instruments of transportation or communication in interstate commerce or by the use of the mails, directly or indirectly negligently obtained money or property by means of untrue statements of material facts or

omissions to state material facts necessary to make the statements made, in the light of the circumstances under which they were made, not misleading.

155. By reason of the foregoing, the Defendants subject to this count directly and indirectly have violated, and unless enjoined, are reasonably likely to continue to violate, Section 17(a)(2) of the Securities Act [15 U.S.C. § 77q(a)(2)].

COUNT IV

VIOLATIONS OF SECTION 17(a)(3) OF THE SECURITIES ACT

(Against Shapiro, Woodbridge, RS Trust, WMF, WSF, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1, Bridge Loan Fund 2, Shapiro Property LLCs, and Shapiro Holding LLCs)

156. The Commission repeats and realleges Paragraphs 1 through 147 of this Amended Complaint as if fully set forth herein.

157. From July 2012 through at least December 4, 2017, the Defendants subject to this count, in the offer or sale of securities by use of the means or instruments of transportation or communication in interstate commerce and by the use of the mails, directly or indirectly negligently engaged in transactions, practices and courses of business which have operated, are now operating or will operate as a fraud or deceit upon the purchasers.

158. By reason of the foregoing, the Defendants subject to this count, directly and indirectly, have violated, and unless enjoined, are reasonably likely to continue to violate, Section 17(a)(3) of the Securities Act [15 U.S.C. § 77q(a)(3)].

COUNT V

VIOLATIONS OF SECTION 10(b) AND RULE 10b-5(a) OF THE EXCHANGE ACT

(Against Shapiro, Woodbridge, RS Trust, WMF, WSF, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1, Bridge Loan Fund 2, Shapiro Property LLCs, and Shapiro Holding LLCs)

159. The Commission repeats and realleges Paragraphs 1 through 147 of this Amended Complaint as if fully set forth herein.

160. From July 2012 through at least December 4, 2017, the Defendants subject to this count, directly and indirectly, by use of the means and instrumentalities of interstate commerce, or of the mails in connection with the purchase or sale of securities, knowingly or recklessly employed devices, schemes or artifices to defraud.

161. By reason of the foregoing, the Defendants subject to this count directly and indirectly, and have violated, and unless enjoined, are reasonably likely to continue to violate, Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5(a), 17 C.F.R. § 240.10b-5(a), thereunder.

COUNT VI

VIOLATIONS OF SECTION 10(b) AND RULE 10b-5(b) OF THE EXCHANGE ACT

(Against Shapiro, Woodbridge, WSF, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1, and Bridge Loan Fund 2)

162. The Commission repeats and realleges Paragraphs 1 through 147 of this Amended Complaint as if fully set forth herein.

163. From July 2012 through at least December 4, 2017, the Defendants subject to this count, directly and indirectly, by use of the means and instrumentalities of interstate commerce, or of the mails in connection with the purchase or sale of securities, knowingly or recklessly

made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

164. By reason of the foregoing, the Defendants subject to this count directly and indirectly violated, and unless enjoined, is reasonably likely to continue to violate, Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5(b), 17 C.F.R. § 240.10b-5(b), thereunder.

COUNT VII

VIOLATIONS OF SECTION 10(b) AND RULE 10b-5(c) OF THE EXCHANGE ACT

(Against Shapiro, Woodbridge, RS Trust, WMF, WSF, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1, Bridge Loan Fund 2, Shapiro Property LLCs, and Shapiro Holding LLCs)

165. The Commission repeats and realleges Paragraphs 1 through 147 of this Amended Complaint as if fully set forth herein.

166. From July 2012 through at least December 4, 2017, the Defendants subject to this count, directly and indirectly, by use of the means and instrumentalities of interstate commerce, or of the mails in connection with the purchase or sale of securities, knowingly or recklessly engaged in acts, practices and courses of business which operated as a fraud upon the purchasers of such securities.

167. By reason of the foregoing, the Defendants subject to this count, directly and indirectly have violated, and unless enjoined, are reasonably likely to continue to violate, Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5(c), 17 C.F.R. § 240.10b-5(c), thereunder.

COUNT VIII

SECTION 20(a) OF THE EXCHANGE ACT – CONTROL PERSON LIABILITY

For Woodbridge, RS Trust, WMF, WSF, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1, Bridge Loan Fund 2, Shapiro Property LLCs, and Shapiro Holding LLCs’ Violations Of The Exchange Act (Against Shapiro and RS Protection Trust)

168. The Commission repeats and realleges Paragraphs 1 through 147 of this Amended Complaint as if fully set forth herein.

169. From July 2012 through at least December 4, 2017, Shapiro and RS Trust have been, directly or indirectly, control persons of Woodbridge, RS Trust, WMF, WSF, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1, Bridge Loan Fund 2, Shapiro Property LLCs, and Shapiro Holding LLCs for purposes of Section 20(a) of the Exchange Act, 15 U.S.C. § 78t(a).

170. From July 2012 through at least December 4, 2017, Woodbridge, RS Trust, WMF, WSF, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1, Bridge Loan Fund 2, Shapiro Property LLCs, and Shapiro Holding LLCs violated Section 10(b) and Rule 10b-5 of the Exchange Act.

171. As control persons of Woodbridge, WMF, WSF, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1, Bridge Loan Fund 2, Shapiro Property LLCs, and Shapiro Holding LLCs, Shapiro and RS Trust are jointly and severally liable with and to the same extent as Woodbridge, WMF, WSF, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1, Bridge Loan Fund 2, Shapiro Property LLCs, and Shapiro Holding LLCs for each of their violations of Section 10(b) and Rule 10b-5 of the Exchange Act.

172. By reason of the foregoing, Shapiro and RS Protection Trust directly and indirectly have violated, and unless enjoined, are reasonably likely to continue to violate,

Sections 10(b) and 20(a) and Rule 10b-5 of the Exchange Act, 15 U.S.C. § 78j(b) and § 78t(a), and 17 C.F.R. § 240.10b-5.

COUNT IX

VIOLATIONS OF SECTION 15(a) OF THE EXCHANGE ACT

(Against Woodbridge and WSF)

173. The Commission repeats and realleges Paragraphs 1 through 147 of this Amended Complaint as if fully set forth herein.

174. The Defendants subject to this count made use of the mails and other means or instrumentalities of interstate commerce, to effect transactions in, or to induce or attempt to induce the purchase or sale of securities, without being associated with a broker or dealer that was registered with the Commission in accordance with Section 15(b) of the Exchange Act [15 U.S.C. § 78o(b)].

175. By reason of the foregoing, the Defendants subject to this count directly and indirectly have violated, and unless enjoined, are reasonably likely to continue to violate, Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)].

COUNT X

**AIDING AND ABETTING VIOLATIONS OF
SECTION 15(a) OF THE EXCHANGE ACT**

(Against Shapiro)

176. The Commission repeats and realleges paragraphs 1 through 147 of this Amended Complaint as if fully restated herein.

177. Defendants Woodbridge and WSF acted as brokers or dealer and have made use of the mails or any means or instrumentality of interstate commerce to effect transactions in

securities, or to induce or attempt to induce the purchase or sale of securities, without being associated with a broker or dealer that was registered with the Commission in accordance with Section 15(b) of the Exchange Act [15 U.S.C. § 78o(b)] in violation of Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)].

178. Defendant Shapiro, knowingly or recklessly, substantially assisted Defendants Woodbridge and WSF's violations of Section 15(a) of the Exchange Act. Unless enjoined, Defendant Shapiro is reasonably likely to continue to provide substantial assistance to Woodbridge's and WSF's violations.

COUNT XI

Unjust Enrichment

(Against All Relief Defendants)

179. The Commission repeats and realleges paragraphs 1 through 147 of its Amended Complaint as if fully restated herein.

180. The Relief Defendants obtained funds as part, and in furtherance of the securities violations alleged above without a legitimate claim to those funds, and under those circumstances it is not just, equitable or considerable for the Relief Defendants to retain the funds. The Relief Defendants were unjustly enriched.

181. Relief Defendants should be ordered to disgorge the funds they received as a result of the Defendants' violations of the federal securities laws.

RELIEF REQUESTED

WHEREFORE, the Commission respectfully requests the Court find the Defendants committed the violations alleged, and:

A.

Permanent Injunctive Relief

Issue a Permanent Injunction restraining and enjoining (1) Shapiro, Woodbridge, WMF, WSF, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1 and Bridge Loan Fund 2 from violating Sections 5(a) and 5(c) of the Securities Act; (2) Shapiro, Woodbridge, WSF, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1 and Bridge Loan Fund 2 from violating Section 17(a)(2) of the Securities Act and Section 10(b) of the Exchange Act and Exchange Act Rule 10b-5(b); (3) Shapiro and the Corporate Defendants from violating Sections 17(a)(1) and (3) of the Securities Act and Section 10(b) of the Exchange Act and Exchange Act Rules 10b-5(a) and (c); (4) Shapiro and RS Trust from violating Section 20(a) of the Exchange Act; (5) Woodbridge and WSF from violating Section 15(a) of the Exchange Act; and (6) Shapiro from aiding and abetting Woodbridge and WSF's violations of Section 15(a) of the Exchange Act.

B.

Asset Freeze

Issue an Order freezing the assets of Shapiro, RS Trust, Glen Owners, Basalt Owners, Glen Lot 18, and WFS.

C.

Appointment of a Receiver

Appoint a receiver over RS Trust.

D.
Records Preservation

Issue an Order restraining and enjoining Shapiro and RS Trust, their directors, officers, agents, servants, employees, attorneys, depositories, banks, and those persons in active concert or participation with any one or more of them, and each of them, from, directly or indirectly, destroying, mutilating, concealing, altering, disposing of, or otherwise rendering illegible in any manner, and of the books, records, documents, correspondence, brochures, manuals, papers, ledgers, accounts, statements, obligations, files and other property of or pertaining to Defendants and Relief Defendants, wherever located and in whatever form, electronic or otherwise, that refer or relate to the acts or courses of conduct alleged in this Amended Complaint, until further Order of this Court.

E.
Sworn Accounting

Issue an Order directing Shapiro and RS Trust to provide a sworn accounting of all assets and liabilities, including all monies and real properties directly or indirectly received from investors and all uses of investor funds.

F.
Disgorgement and Prejudgment Interest

Issue an Order directing the Defendants and Relief Defendants to disgorge all ill-gotten gains or proceeds received from investors as a result of the acts and/or courses of conduct complained of herein, with prejudgment interest thereon.

G.
Civil Money Penalties

Issue an Order directing the Defendants to pay civil money penalties pursuant to Section 20(d) of the Securities Act, and Section 21(d) of the Exchange Act.

H.
Further Relief

Grant such other and further relief as may be necessary and appropriate.

I.
Retention of Jurisdiction

Further, the Commission respectfully requests that the Court retain jurisdiction over this action in order to implement and carry out the terms of all orders and decrees that it may enter, or to entertain any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court.

J.
Demand For Jury Trial

The Commission hereby demands a trial by jury on any and all issues in this action so triable.

May 4, 2018

Respectfully submitted,

By: /s/ Russell Koonin & Christine Nestor
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APPENDIX A

#	Shapiro Property LLCs Bankruptcy Filers	#	Shapiro Holding LLCs Bankruptcy Filers
1	215 North 12th Street, LLC		
2	Addison Park Investments, LLC	1	H31 Addison Park Holding Company, LLC
3	Anchorpoint Investments, LLC	2	M11 Anchorpoint Holding Company, LLC
4	Arborvitae Investments, LLC	3	H32 Arborvitae Holding Company, LLC
5	Archivolt Investments, LLC	4	M26 Archivolt Holding Company, LLC
6	Arlington Ridge Investments, LLC	5	H2 Arlington Ridge Holding Company, LLC
7	Arrowpoint Investments, LLC	6	M19 Arrowpoint Holding Company, LLC
8	Baleroy Investments, LLC	7	H58 Baleroy Holding Company, LLC
9	Bay Village Investments, LLC	8	H13 Bay Village Holding Company, LLC
10	Bear Brook Investments, LLC	9	H15 Bear Brook Holding Company, LLC
11	Beech Creek Investments, LLC	10	H46 Beech Creek Holding Company, LLC
12	Black Bass Investments, LLC	11	H53 Black Bass Holding Company, LLC
13	Black Locust Investments, LLC	12	H28 Black Locust Holding Company, LLC
14	Bluff Point Investments, LLC	13	H20 Bluff Point Holding Company, LLC
15	Bowman Investments, LLC	14	H49 Bowman Holding Company, LLC
16	Bramley Investments, LLC	15	H40 Bramley Holding Company, LLC
17	Brise Soleil Investments, LLC	16	M27 Brise Soleil Holding Company, LLC
18	Broadsands Investments, LLC	17	M28 Broadsands Holding Company, LLC
19	Brynderwen Investments, LLC	18	M29 Brynderwen Holding Company, LLC
20	Cablestay Investments, LLC	19	M13 Cablestay Holding Company, LLC
21	Cannington Investments, LLC	20	M31 Cannington Holding Company, LLC
22	Carbondale Glen Lot A-5, LLC		
23	Carbondale Glen Lot E-24, LLC		
24	Carbondale Glen Lot GV-13, LLC		
25	Carbondale Glen Lot SD-14, LLC		
26	Carbondale Glen Lot SD-23, LLC		
27	Carbondale Glen Mesa Lot 19, LLC		
28	Carbondale Glen River Mesa, LLC	21	Crystal Valley Holdings, LLC
29	Carbondale Glen Sundance Ponds, LLC		
30	Carbondale Glen Sweetgrass Vista, LLC		
31	Carbondale Spruce 101, LLC		
32	Castle Pines Investments, LLC	22	M53 Castle Pines Holding Company, LLC
33	Centershot Investments, LLC	23	M25 Centershot Holding Company, LLC
34	Chaplin Investments, LLC	24	M76 Chaplin Holding Company, LLC
35	Chestnut Investments, LLC	25	M79 Chestnut Company, LLC
36	Chestnut Ridge Investments, LLC	26	H5 Chestnut Ridge Holding Company, LLC

37	Clover Basin Investments, LLC	27	M45 Clover Basin Holding Company, LLC
38	Coffee Creek Investments, LLC	28	M51 Coffee Creek Holding Company, LLC
39	Crossbeam Investments, LLC	29	M14 Crossbeam Holding Company, LLC
40	Crowfield Investments, LLC	30	M63 Crowfield Holding Company, LLC
41	Crystal Woods Investments, LLC	31	M92 Crystal Woods Holding Company, LLC
42	Daleville Investments, LLC	32	M72 Daleville Holding Company, LLC
43	Derbyshire Investments, LLC	33	M39 Derbyshire Holding Company, LLC
44	Diamond Cove Investments, LLC	34	H76 Diamond Cove Holding Company, LLC
45	Dixville Notch Investments, LLC	35	H14 Dixville Notch Holding Company, LLC
46	Dogwood Valley Investments, LLC	36	H7 Dogwood Valley Holding Company, LLC
47	Dollis Brook Investments, LLC	37	M32 Dollis Brook Holding Company, LLC
48	Donnington Investments, LLC	38	M9 Donnington Holding Company, LLC
49	Doubleleaf Investments, LLC	39	M15 Doubleleaf Holding Company, LLC
50	Drawspan Investments, LLC	40	M22 Drawspan Holding Company, LLC
51	Eldredge Investments, LLC	41	M71 Eldredge Holding Company, LLC
52	Elstar Investments, LLC	42	H25 Elstar Holding Company, LLC
53	Emerald Lake Investments, LLC	43	H19 Emerald Lake Holding Company, LLC
54	Fieldpoint Investments, LLC	44	M24 Fieldpoint Holding Company, LLC
55	Franconia Notch Investments, LLC	45	M88 Franconia Notch Holding Company, LLC
56	Gateshead Investments, LLC	46	M10 Gateshead Holding Company, LLC
57	Glenn Rich Investments, LLC	47	M85 Glenn Rich Holding Company, LLC
58	Goose Rocks Investments, LLC	48	M93 Goose Rocks Holding Company, LLC
59	Goosebrook Investments, LLC	49	M68 Goosebrook Holding Company, LLC
60	Graeme Park Investments, LLC	50	H68 Graeme Park Holding Company, LLC
61	Gravenstein Investments, LLC	51	H26 Gravenstein Holding Company, LLC
62	Green Gables Investments, LLC	52	H44 Green Gables Holding Company, LLC
63	Grenadier Investments, LLC	53	H27 Grenadier Holding Company, LLC
64	Grumblethorpe Investments, LLC	54	H41 Grumblethorpe Holding Company, LLC
65	Hackmatack Investments, LLC	55	M87 Hackmatack Hills Holding Company, LLC
66	Haffenburg Investments, LLC	56	M56 Haffenburg Holding Company, LLC
67	Haralson Investments, LLC	57	H39 Haralson Holding Company, LLC
68	Harringworth Investments, LLC	58	M33 Harringworth Holding Company, LLC
69	Hazelpoint Investments, LLC	59	M80 Hazelpoint Holding Company, LLC
70	Heilbron Manor Investments, LLC	60	H66 Heilbron Manor Holding Company, LLC
71	Hollyline Owners, LLC	61	Hollyline Holdings, LLC
72	Hornbeam Investments, LLC	62	H35 Hornbeam Holding Company, LLC
73	Idared Investments, LLC	63	H37 Idared Holding Company, LLC
74	Imperial Aly Investments, LLC	64	H74 Imperial Aly Holding Company, LLC
75	Ironsides Investments, LLC	65	M99 Ironsides Holding Company, LLC

76	Lenni Heights Investments, LLC	66	H43 Lenni Heights Holding Company, LLC
77	Lilac Meadow Investments, LLC	67	H6 Lilac Meadow Holding Company, LLC
78	Lincolnshire Investments, LLC	68	M17 Lincolnshire Holding Company, LLC
79	Lonetree Investments, LLC	69	M54 Lonetree Holding Company, LLC
80	Longbourn Investments, LLC	70	M40 Longbourn Holding Company, LLC
81	Mason Run Investments, LLC	71	M73 Mason Run Holding Company, LLC
82	Melody Lane Investments, LLC	72	H8 Melody Lane Holding Company, LLC
83	Merrimack Valley Investments, LLC	73	M90 Merrimack Valley Holding Company, LLC
84	Mineola Investments, LLC	74	M61 Mineola Holding Company, LLC
85	Monadnock Investments, LLC	75	H16 Monadnock Holding Company, LLC
86	Moravian Investments, LLC	76	H60 Moravian Holding Company, LLC
87	Mountain Spring Investments, LLC	77	M67 Mountain Spring Holding Company, LLC
88	Mt. Holly Investments, LLC	78	M83 Mt. Holly Holding Company, LLC
89	Mutsu Investments, LLC	79	H38 Mutsu Holding Company, LLC
90	Newville Investments, LLC	80	M91 Newville Holding Company, LLC
91	Old Carbon Investments, LLC	81	H51 Old Carbon Holding Company, LLC
92	Old Maitland Investments, LLC	82	H55 Old Maitland Holding Company, LLC
93	Owl Ridge Investments, LLC	83	M46 Owl Ridge Holding Company, LLC
94	Papirovka Investments, LLC	84	H22 Papirovka Holding Company, LLC
95	Pawtuckaway Investments, LLC	85	H4 Pawtuckaway Holding Company, LLC
96	Pemberley Investments, LLC	86	M38 Pemberley Holding Company, LLC
97	Pemigewasset Investments, LLC	87	H17 Pemigewasset Holding Company, LLC
98	Pepperwood Investments, LLC	88	M95 Pepperwood Holding Company, LLC
99	Pinney Investments, LLC	89	M70 Pinney Holding Company, LLC
100	Pinova Investments, LLC	90	H23 Pinova Holding Company, LLC
101	Quarterpost Investments, LLC	91	M34 Quarterpost Holding Company, LLC
102	Red Woods Investments, LLC	92	M97 Red Woods Holding Company, LLC
103	Ridgecrest Investments, LLC	93	M57 Ridgecrest Holding Company, LLC
104	Riley Creek Investments, LLC	94	M75 Riley Creek Holding Company, LLC
105	Rising Sun Investments, LLC	95	H59 Rising Sun Holding Company, LLC
106	Sagebrook Investments, LLC	96	M62 Sagebrook Holding Company, LLC
107	Seven Stars Investments, LLC	97	H54 Seven Stars Holding Company, LLC
108	Silk City Investments, LLC	98	H11 Silk City Holding Company, LLC
109	Silver Maple Investments, LLC	99	H30 Silver Maple Holding Company, LLC
110	Silverthorne Investments, LLC	100	M41 Silverthorne Holding Company, LLC
111	Springline Investments, LLC	101	M36 Springline Holding Company, LLC
112	Squaretop Investments, LLC	102	M49 Squaretop Holding Company, LLC
113	Stayman Investments, LLC	103	H24 Stayman Holding Company, LLC
114	Steele Hill Investments, LLC	104	M86 Steele Hill Holding Company, LLC
115	Stepstone Investments, LLC	105	M5 Stepstone Holding Company, LLC

116	Strawberry Fields Investments, LLC	106	H9 Strawberry Fields Holding Company, LLC
117	Sturmer Pippin Investments, LLC	107	H36 Sturmer Pippin Holding Company, LLC
118	Summerfree Investments, LLC	108	H21 Summerfree Holding Company, LLC
119	Summit Cut Investments, LLC	109	H47 Summit Cut Holding Company, LLC
120	Thornbury Farm Investments, LLC	110	H65 Thornbury Farm Holding Company, LLC
121	Thunder Basin Investments, LLC	111	M60 Thunder Basin Holding Company, LLC
122	Topchord Investments, LLC	112	M37 Topchord Holding Company, LLC
123	Vallecito Investments, LLC	113	M48 Vallecito Holding Company, LLC
124	Varga Investments, LLC	114	M74 Varga Holding Company, LLC
125	Wetterhorn Investments, LLC	115	M50 Wetterhorn Holding Company, LLC
126	White Birch Investments, LLC	116	H12 White Birch Holding Company, LLC
127	White Dome Investments, LLC	117	M43 White Dome Holding Company, LLC
128	Wilderness Investments, LLC	118	M44 Wilderness Holding Company, LLC
129	Willow Grove Investments, LLC	119	H52 Willow Grove Holding Company, LLC
130	Winding Road Investments, LLC	120	M94 Winding Road Holding Company, LLC
131	Zestar Investments, LLC	121	H29 Zestar Holding Company, LLC
132	695 Buggy Circle, LLC	122	Buggy Circle Holdings, LLC
133	Carbondale Glen Lot L-2, LLC	21	Crystal Valley Holdings, LLC
134	Carbondale Peaks Lot L-1, LLC	21	Crystal Valley Holdings, LLC
135	Deerfield Park Investments, LLC	123	H10 Deerfield Park Holding Company, LLC
136	Frog Rock Investments, LLC	124	M77 Frog Rock Holding Company, LLC
137	Hawthorn Investments, LLC	125	H33 Hawthorn Holding Company, LLC
138	Lilac Valley Investments, LLC	126	M96 Lilac Valley Holding Company, LLC
139	Massabesic Investments, LLC	127	H18 Massabesic Holding Company, LLC
140	Mount Washington Investments, LLC	128	M89 Mount Washington Holding Company, LLC
141	Sachs Bridge Investments, LLC	129	H50 Sachs Bridge Holding Company, LLC
142	Springvale Investments, LLC	130	M58 Springvale Holding Company, LLC

EXHIBIT B

Proposed Second Authorization Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

WOODBRIIDGE GROUP OF COMPANIES, LLC,
et al.,¹

Debtors.

Chapter 11

Case No. 17-12560 (KJC)

(Jointly Administered)

Ref. Doc. No. ____

**ORDER, PURSUANT TO SECTION 105(a) OF THE BANKRUPTCY CODE AND
BANKRUPTCY RULE 9019, AUTHORIZING AND APPROVING THE DEBTORS'
ENTRY INTO A REVISED CONSENT AND REVISED JUDGMENT WITH THE
SECURITIES AND EXCHANGE COMMISSION**

Upon the *Debtors' Motion for Entry of an Order, Pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rule 9019, Authorizing and Approving the Debtors' Entry into a Consent and Judgment with the Securities and Exchange Commission* [Docket No. 1615] (the "Motion")²; and upon the Original Authorization Order entered by this Court on May 1, 2018 approving the Motion; and upon the *Certification of Counsel Regarding Entry of an Order Authorizing and Approving the Debtors' Entry into a Revised Consent and Revised Judgment with the Securities and Exchange Commission* filed by the above-captioned debtors and debtors in possession (collectively, the "Debtors"), supplementing the Motion with a request to authorize and approve the Debtors' entry into the Revised Consent (attached hereto as Exhibit 1) and consent to entry of the Revised Judgment (attached hereto as Exhibit 2) with the SEC; and this Court having found that it has jurisdiction to consider the Motion and the relief requested therein

¹ The last four digits of Woodbridge Group of Companies, LLC's federal tax identification number are 3603. The mailing address for Woodbridge Group of Companies, LLC is 14140 Ventura Boulevard #302, Sherman Oaks, California 91423. Due to the large number of debtors in these cases, which are being jointly administered for procedural purposes only, a complete list of the Debtors, the last four digits of their federal tax identification numbers, and their addresses are not provided herein. A complete list of this information may be obtained on the website of the Debtors' noticing and claims agent at www.gardencitygroup.com/cases/WGC, or by contacting the undersigned counsel for the Debtors.

² Capitalized terms used, but not otherwise defined herein, have the meaning given to them in the Motion.

pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012; and this Court having found that venue of these cases and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b); and this Court having determined that it may enter a final order consistent with Article III of the United States Constitution; and it appearing that notice of the Motion has been given as set forth in the Motion and that such notice is adequate and no other or further notice need be given; and this Court having found and determined that the relief sought in the Motion is in the best interest of the Debtors, their estates, their creditors and all other parties in interest; and that the legal and factual bases set forth in the Motion and the entire record of the Chapter 11 Cases establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED as set forth herein, as it relates to the Amended Complaint, the Revised Consent, and the Revised Judgment.
2. Pursuant to section 105(a) of the Bankruptcy Code and Bankruptcy Rule 9019, the Debtors' entry into the Revised Consent and consent to entry of the Revised Judgment is authorized and approved.
3. Nothing in the Revised Consent, the Revised Judgment, or this Order is or shall be deemed to be an admission or a declaration against interest by the Debtors or used in any way by the Debtors or any party (other than the Commission) in the Debtors' cases to prejudice any rights or claims made by any party in these cases, including, but not limited to, the Debtors, the Ad Hoc Unit Holders Committee, the Ad Hoc Noteholders Committee or the Unsecured Creditors' Committee, all of which rights are expressly preserved.

4. Nothing in the Revised Consent, the Revised Judgment, or this Order is or shall be deemed to be a waiver of rights under section 1145 of the Bankruptcy Code, and all such rights are preserved.

5. The enforcement of any monetary award or claim against the Debtor Defendants in connection with the SEC Action shall be subject to sections 362 and 1141 of the Bankruptcy Code (to the extent applicable). This Court will continue to maintain jurisdiction over all such matters to which this Court has jurisdiction in the Chapter 11 Cases. Nothing in the Revised Consent or Revised Judgment or this Order grants the District Court jurisdiction it would not otherwise have.

6. The Debtors are authorized and empowered to take any and all actions necessary to consummate the Revised Consent and Revised Judgment and to carry out, effectuate or otherwise enforce the terms, conditions and provisions of the Revised Consent and Revised Judgment.

7. The fourteen (14) day stay of effectiveness imposed by Bankruptcy Rule 6004(h) is hereby waived and the relief granted herein shall take effect immediately upon the entry of this Order.

8. The Court shall retain jurisdiction over any and all matters arising from or related to the interpretation or implementation of this Order.

Dated: _____, 2018
Wilmington, Delaware

KEVIN J. CAREY
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT 1

Revised Consent

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

CASE NO.: 17-24624-CIV-COOKE

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

**ROBERT H. SHAPIRO,
WOODBIDGE GROUP OF COMPANIES, LLC,
d/b/a WOODBRIDGE WEALTH, et al.**

Defendants.

CONSENT OF DEBTOR DEFENDANTS

1. Defendants Woodbridge Group of Companies, LLC (“Woodbridge”), WMF Management, LLC (“WMF”), Woodbridge Structured Funding, LLC (“WSF”), Woodbridge Mortgage Investment Fund 1, LLC (“Fund 1”), Woodbridge Mortgage Investment Fund 2, LLC (“Fund 2”), Woodbridge Mortgage Investment Fund 3, LLC (“Fund 3”), Woodbridge Mortgage Investment Fund 3A, LLC (“Fund 3A”), Woodbridge Mortgage Investment Fund 4, LLC (“Fund 4”), Woodbridge Commercial Bridge Loan Fund 1, LLC (“Bridge Loan Fund 1”), Woodbridge Commercial Bridge Loan Fund 2, LLC (“Bridge Loan Fund 2”), and the 142 Woodbridge-Affiliated Property Limited Liability Companies and 130 Woodbridge-Affiliated Holding Limited Liability Companies (collectively, the “Property and Holding Companies,” and with Woodbridge, WMF, WSF, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1, and Bridge Loan Fund 2, “Debtor Defendants”), identified in Appendix A to the *Amended Complaint for Injunctive and Other Relief* [DE 147] (the “Amended Complaint”) filed by the Securities and

Exchange Commission (the “Commission”), acknowledge having been served with the Amended Complaint in this action, enter a general appearance, and admit the Court’s jurisdiction over the Debtor Defendants and over the subject matter of this action.

2. Without admitting or denying the allegations of the Amended Complaint (except as provided herein in paragraph 11 and except as to personal and subject matter jurisdiction, which Debtor Defendants admit), Debtor Defendants hereby consent, subject to bankruptcy court approval in Debtor Defendants’ pending Chapter 11 Bankruptcy Case [Case No. 17-12560-KJC (Bankr. D. DE), the “Bankruptcy Case”] to the entry of the Judgment in the form attached hereto (the “Judgment”) and incorporated by reference herein, which, among other things, permanently restrains and enjoins:

(a) Woodbridge, WMF, WSF, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1 and Bridge Loan Fund 2 from violations of Sections 5(a) and 5(c) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. §§ 77e(a) and 77e(c)];

(b) Debtor Defendants from violations of:

- (i) Sections 17(a)(1) and 17(a)(3) of the Securities Act [15 U.S.C. §§ 77q(a)(1) and (3)]; and
- (ii) Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rules 10b-5(a) and (c) thereunder [15 U.S.C. § 78j(b) and 17 C.F.R. §§ 240.10b-5(a) and (c)];

(c) Woodbridge, WSF, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1 and Bridge Loan Fund 2 from violations of:

- (i) Section 17(a)(2) of the Securities Act [15 U.S.C. § 77q(a)(2)]; and
- (ii) Section 10(b) of the Exchange Act and Rule 10b-5(b) thereunder [15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5(b)]; and

(d) Woodbridge and WSF from violations of Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)].

3. Debtor Defendants agree that, upon motion of the Commission, the Court shall determine whether it is appropriate to order disgorgement of ill-gotten gains and/or a civil penalty pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)] and, if so, the amount(s) of the disgorgement and/or civil penalty. Debtor Defendants further understand that, if disgorgement is ordered, Debtor Defendants shall pay prejudgment interest thereon, calculated from December 4, 2017, based on the rate of interest used by the Internal Revenue Service for the underpayment of federal income tax as set forth in 26 U.S.C. § 6621(a)(2). Debtor Defendants further agree that in connection with the Commission's motion, if any, for disgorgement and/or civil penalties, and at any hearing held on such a motion: (a) Debtor Defendants will be precluded from arguing that they did not violate the federal securities laws as alleged in the Amended Complaint; (b) Debtor Defendants may not challenge the validity of this Consent or the Judgment; (c) solely for the purposes of such motion, the allegations of the Amended Complaint shall be accepted as and deemed true by the Court; and (d) the Court may determine the issues raised in the motion on the basis of affidavits, declarations, excerpts of sworn deposition or investigative testimony, and documentary evidence, without regard to the standards for summary judgment contained in Rule 56(c) of the Federal Rules of Civil Procedure. In connection with the Commission's motion, if any, for disgorgement and/or civil penalties, the parties may take discovery, including discovery from appropriate non-parties.

4. Debtor Defendants waive the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure.

5. Debtor Defendants waive the right, if any, to a jury trial and to appeal from the

entry of the Judgment.

6. Debtor Defendants enter into this Consent voluntarily and represent that no threats, offers, promises, or inducements of any kind have been made by the Commission or any member, officer, employee, agent, or representative of the Commission to induce Debtor Defendants to enter into this Consent.

7. Debtor Defendants agree that this Consent shall be incorporated into the Judgment with the same force and effect as if fully set forth therein.

8. Debtor Defendants will not oppose the enforcement of the Judgment on the ground, if any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure, and hereby waives any objection based thereon.

9. Debtor Defendants waive service of the Judgment and agree that entry of the Judgment by the Court and filing with the Clerk of the Court will constitute notice to Debtor Defendants of its terms and conditions. Debtor Defendants further agree to provide counsel for the Commission, within thirty days after the Judgment is filed with the Clerk of the Court, with an affidavit or declaration stating that Debtor Defendants have received and read a copy of the Judgment.

10. Consistent with 17 C.F.R. 202.5(f), this Consent resolves only the claims asserted against Debtor Defendants in this civil proceeding. Debtor Defendants acknowledge that no promise or representation has been made by the Commission or any member, officer, employee, agent, or representative of the Commission with regard to any criminal liability that may have arisen or may arise from the facts underlying this action or immunity from any such criminal liability. Debtor Defendants waive any claim of Double Jeopardy based upon the settlement of this proceeding, including the imposition of any remedy or civil penalty herein. Debtor Defendants further acknowledge that the Court's entry of a permanent injunction may have

collateral consequences under federal or state law and the rules and regulations of self-regulatory organizations, licensing boards, and other regulatory organizations. Such collateral consequences include, but are not limited to, a statutory disqualification with respect to membership or participation in, or association with a member of, a self-regulatory organization. This statutory disqualification has consequences that are separate from any sanction imposed in an administrative proceeding. In addition, in any disciplinary proceeding before the Commission based on the entry of the injunction in this action, Debtor Defendants understand that they shall not be permitted to contest the factual allegations of the Amended Complaint in this action.

11. Debtor Defendants understand and agree to comply with the terms of 17 C.F.R. § 202.5(e), which provides in part that it is the Commission's policy “not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegations in the complaint or order for proceedings,” and “a refusal to admit the allegations is equivalent to a denial, unless the defendant or respondent states that he neither admits nor denies the allegations.” As part of Debtor Defendants’ agreement to comply with the terms of Section 202.5(e), Debtor Defendants: (i) will not take any action or make or permit to be made any public statement denying, directly or indirectly, any allegation in the Amended Complaint or creating the impression that the Amended Complaint is without factual basis; (ii) will not make or permit to be made any public statement to the effect that Debtor Defendants do not admit the allegations of the Amended Complaint, or that this Consent contains no admission of the allegations, without also stating that Debtor Defendants do not deny the allegations; and (iii) upon the filing of this Consent, Debtor Defendants hereby withdraw any papers filed in this action to the extent that they deny any allegation in the Amended Complaint. If Debtor Defendants breach this agreement, the Commission may petition the Court to vacate the Judgment and restore this action to its active docket. Nothing in this paragraph affects Debtor

Defendants': (i) testimonial obligations; or (ii) right to take legal or factual positions against all parties other than the Commission in litigation or other legal proceedings pertaining to the underlying facts and allegations in this action.


12. Debtor Defendants hereby waive any rights under the Equal Access to Justice Act, the Small Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to seek from the United States, or any agency, or any official of the United States acting in his or her official capacity, directly or indirectly, reimbursement of attorney's fees or other fees, expenses, or costs expended by Debtor Defendants to defend against this action. For these purposes, Debtor Defendants agree that Debtor Defendants are not the prevailing party in this action since the parties have reached a good faith settlement.

13. Debtor Defendants agree to promptly seek a court order in the Bankruptcy Case, pursuant to Fed.R.Bankr.P. 9019, authorizing Debtor Defendants to enter into this Consent and to the entry of Final Judgment.

14. Debtor Defendants agree that the Commission may, upon issuance of the court order in the Bankruptcy Case referenced in paragraph 13 above, present the Judgment to the Court for signature and entry without further notice.


15. Debtor Defendants agree that this Court shall retain jurisdiction over this matter for the purpose of enforcing the terms of the Judgment. The Bankruptcy Court shall continue to maintain jurisdiction over all such matters to which the Bankruptcy Court has jurisdiction over in the Bankruptcy Case.

Dated: 5/14/18

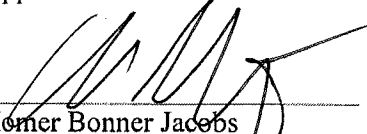

WGL Independent Manager LLC
Bradley Sharp – Chief Restructuring Officer

STATE OF California)
COUNTY OF Los Angeles) ss:

On this 14 day of May, 2018, before me personally appeared Bradley Sharp, who [check one] ☐ is personally known to me, or ☒ produced a California driver's license bearing his name and photograph as identification, and who executed this Consent, and acknowledged to me that he executed the same.


Notary Public
Commission Expires:

Approved as to form:


Homer Bonner Jacobs
c/o Adam L. Schwartz, Esq.
1200 Four Seasons Tower
1441 Brickell Avenue
Miami, FL 33131
Phone: (305) 350-5116
Fax: (305) 982-0079
aschwartz@homerbonner.com

Counsel for Debtor Defendants

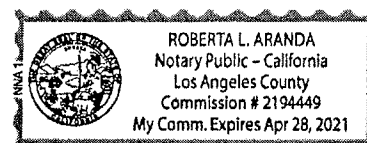


EXHIBIT 2

Revised Judgment

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

CASE NO.: 17-24624-CIV-COOKE

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

**ROBERT H. SHAPIRO,
WOODBIDGE GROUP OF COMPANIES, LLC,
d/b/a WOODBRIDGE WEALTH, et al.,**

Defendants.

JUDGMENT AS TO DEBTOR DEFENDANTS

The Securities and Exchange Commission having filed an Amended Complaint and Defendants Woodbridge Group of Companies, LLC (“Woodbridge”), WMF Management, LLC (“WMF”), Woodbridge Structured Funding, LLC (“WSF”), Woodbridge Mortgage Investment Fund 1, LLC (“Fund 1”), Woodbridge Mortgage Investment Fund 2, LLC (“Fund 2”), Woodbridge Mortgage Investment Fund 3, LLC (“Fund 3”), Woodbridge Mortgage Investment Fund 3A, LLC (“Fund 3A”), Woodbridge Mortgage Investment Fund 4, LLC (“Fund 4”), Woodbridge Commercial Bridge Loan Fund 1, LLC (“Bridge Loan Fund 1”), Woodbridge Commercial Bridge Loan Fund 2, LLC (“Bridge Loan Fund 2”), and the 142 Woodbridge-Affiliated Property Limited Liability Companies and 130 Woodbridge-Affiliated Holding Limited Liability Companies (collectively the “Property and Holding Companies” and with and with Woodbridge, WMF, WSF, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1,

and Bridge Loan Fund 2, “Debtor Defendants”), identified in Appendix A to the *Amended Complaint for Injunctive and Other Relief* [DE 147] (the “Amended Complaint”) filed by the Securities and Exchange Commission (the “Commission”), having entered a general appearance; consented to the Court’s jurisdiction over Debtor Defendants and the subject matter of this action; consented to entry of this Judgment without admitting or denying the allegations of the Amended Complaint (except as to jurisdiction), subject to bankruptcy court approval in Debtor Defendants’ pending Chapter 11 Bankruptcy Case [Case No. 17-12560-KJC (Bankr. D. DE), the “Bankruptcy Case”], which has been so approved, waived findings of fact and conclusions of law; and waived any right to appeal from this Judgment:

I.

PERMANENT INJUNCTIVE RELIEF

A.

Section 5 of the Securities Act of 1933 (“Securities Act”)

(Against Woodbridge, WMF, WSF, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1 and Bridge Loan Fund 2)

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendants Woodbridge, WMF, WSF, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1 and Bridge Loan Fund 2, are permanently restrained and enjoined from violating Section 5 of the Securities Act [15 U.S.C. § 77e] by, directly or indirectly, in the absence of any applicable exemption:

- (a) Unless a registration statement is in effect as to a security, making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell such security through the use or medium of any prospectus or otherwise;
- (b) Unless a registration statement is in effect as to a security, carrying or causing to

be carried through the mails or in interstate commerce, by any means or instruments of transportation, any such security for the purpose of sale or for delivery after sale; or

- (c) Making use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise any security, unless a registration statement has been filed with the Commission as to such security, or while the registration statement is the subject of a refusal order or stop order or (prior to the effective date of the registration statement) any public proceeding or examination under Section 8 of the Securities Act [15 U.S.C. § 77h].

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Judgment by personal service or otherwise: (a) These Defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with these Defendants or with anyone described in (a).

B.
Section 17(a)(1) and (3) of the Securities Act
(Against Debtor Defendants)

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Debtor Defendants are permanently restrained and enjoined from violating Sections 17(a)(1) and (3) of the Securities Act [15 U.S.C. §§ 77q(a)(1) and (3)] in the offer or sale of any security by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

- (a) to employ any device, scheme, or artifice to defraud;

(b) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser,

with respect to:

- (A) any investment strategy or investment in securities,
- (B) the prospects for success of any product or company,
- (C) the use of investor funds,
- (D) compensation to any person,
- (E) the misappropriation of investor funds or investment proceeds.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Judgment by personal service or otherwise: (a) These Defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with these Defendants or with anyone described in (a).

C.

Section 17(a)(2) of the Securities Act

(Against Woodbridge, WSF, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1, and Bridge Loan Fund 2)

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants Woodbridge, WSF, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1, and Bridge Loan Fund 2, are permanently restrained and enjoined from violating Section 17(a)(2) of the Securities Act [15 U.S.C. § 77q(a)(2)] in the offer or sale of any security by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

- (a) to obtain money or property by means of any untrue statement of a material fact or any omission of a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

with respect to:

- (A) any investment strategy or investment in securities,
- (B) the prospects for success of any product or company,
- (C) the use of investor funds,
- (D) compensation to any person,
- (E) the misappropriation of investor funds or investment proceeds.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Judgment by personal service or otherwise: (a) These Defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with these Defendants or with anyone described in (a).

D.

**Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act")
and Rules 10b-5(a) and (c) thereunder**

(Against Debtor Defendants)

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Debtor Defendants are permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rules 10b-5(a) and (c) promulgated thereunder [17 C.F.R. §§ 240.10b-5(a) and (c)], by using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security:

- (a) to employ any device, scheme, or artifice to defraud; or
- (b) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person,

with respect to:

- (A) any investment strategy or investment in securities,
- (B) the prospects for success of any product or company,
- (C) the use of investor funds,
- (D) compensation to any person,
- (E) the misappropriation of investor funds or investment proceeds.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Judgment by personal service or otherwise: (a) These Defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with these Defendants or with anyone described in (a).

E.

Section 10(b) of the Exchange Act and Rule 10b-5(b) thereunder

(Against Woodbridge, WSF, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1, and Bridge Loan Fund 2)

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants Woodbridge, WSF, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1, and Bridge Loan Fund 2, are permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5(b) promulgated thereunder [17 C.F.R. § 240.10b-5(b)], by using any means or instrumentality of interstate

commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security:

- (a) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading;

with respect to:

- (A) any investment strategy or investment in securities,
- (B) the prospects for success of any product or company,
- (C) the use of investor funds,
- (D) compensation to any person,
- (E) the misappropriation of investor funds or investment proceeds.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Judgment by personal service or otherwise: (a) These Defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with these Defendants or with anyone described in (a).

F.

**Section 15(a) of the Exchange Act
(Against Woodbridge and WSF)**

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants Woodbridge and WSF are permanently restrained and enjoined from violating, directly or indirectly, Section 15(a) of the Exchange Act, [15 U.S.C. § 78o(a)], by using the mails or other means or instrumentalities of interstate commerce, to effect transactions in, or to induce or

attempt to induce the purchase or sale of securities, without being associated with a broker or dealer that was registered with the Commission in accordance with Section 15(b) of the Exchange Act [15 U.S.C. §78o(b)].

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Judgment by personal service or otherwise: (a) These Defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with these Defendants or with anyone described in (a).

II. DISGORGEMENT AND PENALTY

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that upon motion of the Commission, if any, the Court shall determine whether it is appropriate to order disgorgement of ill-gotten gains and/or a civil penalty pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)] and, if so, the amount(s) of the disgorgement and/or civil penalty. If disgorgement is ordered, Debtor Defendants shall pay prejudgment interest thereon, calculated from December 4, 2017, based on the rate of interest used by the Internal Revenue Service for the underpayment of federal income tax as set forth in 26 U.S.C. § 6621(a)(2). In connection with the Commission's motion for disgorgement and/or civil penalties, if any, and at any hearing held on such a motion: (a) Debtor Defendants will be precluded from arguing that they did not violate the federal securities laws as alleged in the Amended Complaint; (b) Debtor Defendants may not challenge the validity of the Consent or this Judgment; (c) solely for the purposes of such motion, the allegations of the Amended Complaint shall be accepted as and deemed true by the Court; and (d) the Court may determine the issues raised in the motion on the basis of affidavits, declarations, excerpts of

sworn deposition or investigative testimony, and documentary evidence, without regard to the standards for summary judgment contained in Rule 56(c) of the Federal Rules of Civil Procedure. In connection with the Commission's motion for disgorgement and/or civil penalties, if any, the parties may take discovery, including discovery from appropriate non-parties.

**III.
INCORPORATION OF CONSENT**

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Consent is incorporated herein with the same force and effect as if fully set forth herein, and that Debtor Defendants shall comply with all of the undertakings and agreements set forth therein.

**IV.
RETENTION OF JURISDICTION**

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Judgment. The Bankruptcy Court shall continue to maintain jurisdiction over all such matters to which the Bankruptcy Court has jurisdiction over in the Bankruptcy Case.

**V.
RULE 54(b) CERTIFICATION**

There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the Clerk is ordered to enter this Judgment forthwith and without further notice.

Dated: _____, _____, 2018.

MARCIA G. COOKE
UNITED STATES DISTRICT JUDGE

EXHIBIT C

Blackline of Authorization Order

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

WOODBRIIDGE GROUP OF COMPANIES, LLC,
et al.,¹

Debtors.

Chapter 11

Case No. 17-12560 (KJC)

(Jointly Administered)

Ref. Doc. ~~Nos~~No. 1615 & 1616

**ORDER, PURSUANT TO SECTION 105(a) OF THE BANKRUPTCY CODE AND
BANKRUPTCY RULE 9019, AUTHORIZING AND APPROVING THE DEBTORS'
ENTRY INTO A REVISED CONSENT AND REVISED JUDGMENT WITH THE
SECURITIES AND EXCHANGE COMMISSION**

Upon the *Debtors' Motion for Entry of an Order, Pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rule 9019, Authorizing and Approving the Debtors' Entry into a Consent and Judgment with the Securities and Exchange Commission* [[Docket No. 1615](#)] (the "Motion")²; and upon the Original Authorization Order entered by this Court on May 1, 2018 approving the Motion; and upon the Certification of Counsel Regarding Entry of an Order Authorizing and Approving the Debtors' Entry into a Revised Consent and Revised Judgment with the Securities and Exchange Commission filed by the above-captioned debtors and debtors in possession (collectively, the "Debtors"), supplementing the Motion with a request to authorize and approve the Debtors' entry into the Revised Consent (attached hereto as Exhibit 1) and consent to entry of the Revised Judgment (attached hereto as Exhibit 2) with the SEC; and this

¹ The last four digits of Woodbridge Group of Companies, LLC's federal tax identification number are 3603. The mailing address for Woodbridge Group of Companies, LLC is 14140 Ventura Boulevard #302, Sherman Oaks, California 91423. Due to the large number of debtors in these cases, which are being jointly administered for procedural purposes only, a complete list of the Debtors, the last four digits of their federal tax identification numbers, and their addresses are not provided herein. A complete list of this information may be obtained on the website of the Debtors' noticing and claims agent at www.gardencitygroup.com/cases/WGC, or by contacting the undersigned counsel for the Debtors.

² Capitalized terms used, but not otherwise defined herein, have the meaning given to them in the Motion.

Court having found that it has jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012; and this Court having found that venue of these cases and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b); and this Court having determined that it may enter a final order consistent with Article III of the United States Constitution; and it appearing that notice of the Motion has been given as set forth in the Motion and that such notice is adequate and no other or further notice need be given; and this Court having found and determined that the relief sought in the Motion is in the best interest of the Debtors, their estates, their creditors and all other parties in interest; and that the legal and factual bases set forth in the Motion, ~~the Declaration of Bradley D. Sharp in Support of Debtors' Motion for Entry of an Order, Pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rule 9019, Authorizing and Approving the Debtors' Entry Into a Consent and Judgment With the Securities and Exchange Commission,~~ and the entire record of the Chapter 11 Cases establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED as set forth herein, as it relates to the Amended Complaint, the Revised Consent, and the Revised Judgment.
2. Pursuant to section 105(a) of the Bankruptcy Code and Bankruptcy Rule 9019, the Debtors' entry into the Revised Consent and consent to entry of the Revised Judgment is authorized and approved.

3. Nothing in the [Revised](#) Consent, the [Revised](#) Judgment, or this Order is or shall be deemed to be an admission or a declaration against interest by the Debtors or used in any way by the Debtors or any party (other than the Commission) in the Debtors' cases to prejudice any rights or claims made by any party in these cases, including, but not limited to, the Debtors, the Ad Hoc Unit Holders Committee, the Ad Hoc Noteholders Committee or the Unsecured Creditors' Committee, all of which rights are expressly preserved.

4. Nothing in the [Revised](#) Consent, the [Revised](#) Judgment, or this Order is or shall be deemed to be a waiver of rights under section 1145 of the Bankruptcy Code, and all such rights are preserved.

5. The enforcement of any monetary award or claim against the Debtor Defendants in connection with the SEC Action shall be subject to sections 362 and 1141 of the Bankruptcy Code (to the extent applicable). This Court will continue to maintain jurisdiction over all such matters to which this Court has jurisdiction in the Chapter 11 Cases. Nothing in the [Revised](#) Consent or [Revised](#) Judgment or this Order grants the District Court jurisdiction it would not otherwise have.

6. The Debtors are authorized and empowered to take any and all actions necessary to consummate the [Revised](#) Consent and [Revised](#) Judgment and to carry out, effectuate or otherwise enforce the terms, conditions and provisions of the [Revised](#) Consent and [Revised](#) Judgment.

7. The fourteen (14) day stay of effectiveness imposed by Bankruptcy Rule 6004(h) is hereby waived and the relief granted herein shall take effect immediately upon the entry of this Order.

8. The Court shall retain jurisdiction over any and all matters arising from or related to the interpretation or implementation of this Order.

Dated: _____, 2018
Wilmington, Delaware

KEVIN J. CAREY
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT 1

Revised Consent

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO.: 17-24624-CIV-COOKE

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

ROBERT H. SHAPIRO,
WOODBIDGE GROUP OF COMPANIES, LLC,
d/b/a WOODBRIDGE WEALTH, *et al.*

Defendants.

CONSENT OF DEBTOR DEFENDANTS

Defendants Woodbridge Group of Companies, LLC (“Woodbridge”), WMF Management, LLC (“WMF”), Woodbridge Structured Funding, LLC (“WSF”), Woodbridge Mortgage Investment Fund 1, LLC (“Fund 1”), Woodbridge Mortgage Investment Fund 2, LLC (“Fund 2”), Woodbridge Mortgage Investment Fund 3, LLC (“Fund 3”), Woodbridge Mortgage Investment Fund 3A, LLC (“Fund 3A”), Woodbridge Mortgage Investment Fund 4, LLC (“Fund 4”), Woodbridge Commercial Bridge Loan Fund 1, LLC (“Bridge Loan Fund 1”), Woodbridge Commercial Bridge Loan Fund 2, LLC (“Bridge Loan Fund 2”), and the ~~144~~142 Woodbridge-Affiliated Property Limited Liability Companies and ~~131~~130 Woodbridge-Affiliated Holding Limited Liability Companies (collectively, the “Property and Holding Companies,” and with Woodbridge, WMF, WSF, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1, and Bridge Loan Fund 2, “Debtor Defendants”), identified in Appendix A to the Amended Complaint for Injunctive and Other Relief [DE 147] (the “Amended Complaint”)⁺ filed by the Securities and

⁺~~With the exception of #133, Carbondale Glen Lot 18, LLC, #135, Carbondale Glen Owners, LLC, and #123, Carbondale Basalt Owners, LLC, which are not Debtor Defendants, and thus not party to this Consent.~~

Exchange Commission (the “Commission”), acknowledge having been served with the [Amended](#) Complaint in this action, enter a general appearance, and admit the Court’s jurisdiction over the Debtor Defendants and over the subject matter of this action.

1. Without admitting or denying the allegations of the [Amended](#) Complaint (except as provided herein in paragraph 11 and except as to personal and subject matter jurisdiction, which Debtor Defendants admit), Debtor Defendants hereby consent, subject to bankruptcy court approval in Debtor Defendants’ pending Chapter 11 Bankruptcy Case [Case No. 17-12560-KJC (Bankr. D. DE), the “Bankruptcy Case”] to the entry of the Judgment in the form attached hereto (the “Judgment”) and incorporated by reference herein, which, among other things, permanently restrains and enjoins:

- (a) Woodbridge, WMF, WSF, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1 and Bridge Loan Fund 2 from violations of Sections 5(a) and 5(c) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. §§ 77e(a) and 77e(c)];
- (b) Debtor Defendants from violations of:
 - (i) Sections 17(a)(1) and 17(a)(3) of the Securities Act [15 U.S.C. §§ 77q(a)(1) and (3)]; and
 - (ii) Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rules 10b-5(a) and (c) thereunder [15 U.S.C. § 78j(b) and 17 C.F.R. §§ 240.10b-5(a) and (c)];
- (c) Woodbridge, WSF, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1 and Bridge Loan Fund 2 from violations of:
 - (i) Section 17(a)(2) of the Securities Act [15 U.S.C. § 77q(a)(2)]; and
 - (ii) Section 10(b) of the Exchange Act and Rule 10b-5(b) thereunder [15 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5(b)]; and

- (d) Woodbridge and WSF from violations of Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)].

2. Debtor Defendants agree that, upon motion of the Commission, the Court shall determine whether it is appropriate to order disgorgement of ill-gotten gains and/or a civil penalty pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)] and, if so, the amount(s) of the disgorgement and/or civil penalty. Debtor Defendants further understand that, if disgorgement is ordered, Debtor Defendants shall pay prejudgment interest thereon, calculated from December 4, 2017, based on the rate of interest used by the Internal Revenue Service for the underpayment of federal income tax as set forth in 26 U.S.C. § 6621(a)(2). Debtor Defendants further agree that in connection with the Commission's motion, if any, for disgorgement and/or civil penalties, and at any hearing held on such a motion: (a) Debtor Defendants will be precluded from arguing that they did not violate the federal securities laws as alleged in the [Amended](#) Complaint; (b) Debtor Defendants may not challenge the validity of this Consent or the Judgment; (c) solely for the purposes of such motion, the allegations of the [Amended](#) Complaint shall be accepted as and deemed true by the Court; and (d) the Court may determine the issues raised in the motion on the basis of affidavits, declarations, excerpts of sworn deposition or investigative testimony, and documentary evidence, without regard to the standards for summary judgment contained in Rule 56(c) of the Federal Rules of Civil Procedure. In connection with the Commission's motion, if any, for disgorgement and/or civil penalties, the parties may take discovery, including discovery from appropriate non- parties.

~~4~~ Debtor Defendants waive the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure.

3. Debtor Defendants waive the right, if any, to a jury trial and to appeal from the entry of the Judgment.

4. Debtor Defendants enter into this Consent voluntarily and represent that no threats, offers, promises, or inducements of any kind have been made by the Commission or any member, officer, employee, agent, or representative of the Commission to induce Debtor Defendants to enter into this Consent.

5. Debtor Defendants agree that this Consent shall be incorporated into the Judgment with the same force and effect as if fully set forth therein.

6. Debtor Defendants will not oppose the enforcement of the Judgment on the ground, if any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure, and hereby waives any objection based thereon.

7. Debtor Defendants waive service of the Judgment and agree that entry of the Judgment by the Court and filing with the Clerk of the Court will constitute notice to Debtor Defendants of its terms and conditions. Debtor Defendants further agree to provide counsel for the Commission, within thirty days after the Judgment is filed with the Clerk of the Court, with an affidavit or declaration stating that Debtor Defendants have received and read a copy of the Judgment.

8. Consistent with 17 C.F.R. 202.5(f), this Consent resolves only the claims asserted against Debtor Defendants in this civil proceeding. Debtor Defendants acknowledge that no promise or representation has been made by the Commission or any member, officer, employee, agent, or representative of the Commission with regard to any criminal liability that may have arisen or may arise from the facts underlying this action or immunity from any such criminal liability. Debtor Defendants waive any claim of Double Jeopardy based upon the settlement of this proceeding, including the imposition of any remedy or civil penalty herein. Debtor Defendants further acknowledge that the Court's entry of a permanent injunction may have collateral consequences under federal or state law and the rules and regulations of self-regulatory

organizations, licensing boards, and other regulatory organizations. Such collateral consequences include, but are not limited to, a statutory disqualification with respect to membership or participation in, or association with a member of, a self-regulatory organization. This statutory disqualification has consequences that are separate from any sanction imposed in an administrative proceeding. In addition, in any disciplinary proceeding before the Commission based on the entry of the injunction in this action, Debtor Defendants understand that they shall not be permitted to contest the factual allegations of the [Amended](#) Complaint in this action.

9. Debtor Defendants understand and agree to comply with the terms of 17 C.F.R. § 202.5(e), which provides in part that it is the Commission's policy “not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegations in the complaint or order for proceedings,” and “a refusal to admit the allegations is equivalent to a denial, unless the defendant or respondent states that he neither admits nor denies the allegations.” As part of Debtor Defendants’ agreement to comply with the terms of Section 202.5(e), Debtor Defendants: (i) will not take any action or make or permit to be made any public statement denying, directly or indirectly, any allegation in the [Amended](#) Complaint or creating the impression that the [Amended](#) Complaint is without factual basis; (ii) will not make or permit to be made any public statement to the effect that Debtor Defendants do not admit the allegations of the [Amended](#) Complaint, or that this Consent contains no admission of the allegations, without also stating that Debtor Defendants do not deny the allegations; and (iii) upon the filing of this Consent, Debtor Defendants hereby withdraw any papers filed in this action to the extent that they deny any allegation in the [Amended](#) Complaint. If Debtor Defendants breach this agreement, the Commission may petition the Court to vacate the Judgment and restore this action to its active docket. Nothing in this paragraph affects Debtor Defendants’: (i) testimonial obligations; or (ii) right to take legal or factual positions against all

parties other than the Commission in litigation or other legal proceedings pertaining to the underlying facts and allegations in this action.

10. Debtor Defendants hereby waive any rights under the Equal Access to Justice Act, the Small Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to seek from the United States, or any agency, or any official of the United States acting in his or her official capacity, directly or indirectly, reimbursement of attorney's fees or other fees, expenses, or costs expended by Debtor Defendants to defend against this action. For these purposes, Debtor Defendants agree that Debtor Defendants are not the prevailing party in this action since the parties have reached a good faith settlement.

11. Debtor Defendants agree to promptly seek a court order in the Bankruptcy Case, pursuant to Fed.R.Bankr.P. 9019, authorizing Debtor Defendants to enter into this Consent and to the entry of Final Judgment.

12. Debtor Defendants agree that the Commission may, upon issuance of the court order in the Bankruptcy Case referenced in paragraph 13 above, present the Judgment to the Court for signature and entry without further notice.

Debtor Defendants agree that this Court shall retain jurisdiction over this matter for the purpose of enforcing the terms of the Judgment. The Bankruptcy Court shall continue to maintain jurisdiction over all such matters to which the Bankruptcy Court has jurisdiction over in the Bankruptcy Case.

Dated: _____
WGC Independent Manager LLC Bradley Sharp –
Chief Restructuring Officer

STATE OF _____)) ss: COUNTY OF L•←@ye\ e\$ _____)

On this 10 day of _____ fiP=' _____,



Approved as to ~~for~~form:

~~riener isonner I coos~~

~~aschwartz; i hpmerbonn,,cr.com~~

aschwartz@homerbonner.com

~~Counsel for~~ Counsel for Debtor Defendants

EXHIBIT 2

Revised Judgment

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

CASE NO.: 17-24624-CIV-COOKE

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

**ROBERT H. SHAPIRO,
WOODBIDGE GROUP OF COMPANIES, LLC,
d/b/a WOODBRIDGE WEALTH, et al.,**

Defendants.

JUDGMENT AS TO DEBTOR DEFENDANTS

The Securities and Exchange Commission having filed an [Amended](#) Complaint and Defendants Woodbridge Group of Companies, LLC (“Woodbridge”), WMF Management, LLC (“WMF”), Woodbridge Structured Funding, LLC (“WSF”), Woodbridge Mortgage Investment Fund 1, LLC (“Fund 1”), Woodbridge Mortgage Investment Fund 2, LLC (“Fund 2”), Woodbridge Mortgage Investment Fund 3, LLC (“Fund 3”), Woodbridge Mortgage Investment Fund 3A, LLC (“Fund 3A”), Woodbridge Mortgage Investment Fund 4, LLC (“Fund 4”), Woodbridge Commercial Bridge Loan Fund 1, LLC (“Bridge Loan Fund 1”), Woodbridge Commercial Bridge Loan Fund 2, LLC (“Bridge Loan Fund 2”), and the ~~144~~[142](#) Woodbridge-Affiliated Property Limited Liability Companies and ~~131~~[130](#) Woodbridge-Affiliated Holding Limited Liability Companies (collectively the “Property and Holding Companies” and with and with Woodbridge, WMF, WSF, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1,

and Bridge Loan Fund 2, “Debtor Defendants”), identified in Appendix A to the Amended Complaint for Injunctive and Other Relief [DE 147] (the “Amended Complaint”)⁺ filed by the Securities and Exchange Commission (the “Commission”), having entered a general appearance; consented to the Court’s jurisdiction over Debtor Defendants and the subject matter of this action; consented to entry of this Judgment without admitting or denying the allegations of the Amended Complaint (except as to jurisdiction), subject to bankruptcy court approval in Debtor Defendants’ pending Chapter 11 Bankruptcy Case [Case No. 17-12560-KJC (Bankr. D. DE), the “Bankruptcy Case”], which has been so approved, waived findings of fact and conclusions of law; and waived any right to appeal from this Judgment:

**I.
PERMANENT INJUNCTIVE RELIEF**

**A.
Section 5 of the Securities Act of 1933 (“Securities Act”)**

(Against Woodbridge, WMF, WSF, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1 and Bridge Loan Fund 2)

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendants Woodbridge, WMF, WSF, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1 and Bridge Loan Fund 2, are permanently restrained and enjoined from violating Section 5 of the Securities Act [15 U.S.C. § 77e] by, directly or indirectly, in the absence of any applicable exemption:

- (a) Unless a registration statement is in effect as to a security, making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell such security through the use or medium of any prospectus or otherwise;

⁺~~With the exception of #133, Carbondale Glen Lot 18, LLC, #135, Carbondale Glen Owners, LLC, and #123, Carbondale Basalt Owners, LLC, which are not Debtor Defendants, not party to the Consent, and thus not included in this~~

- (b) Unless a registration statement is in effect as to a security, carrying or causing to be carried through the mails or in interstate commerce, by any means or instruments of transportation, any such security for the purpose of sale or for delivery after sale; or
- (c) Making use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise any security, unless a registration statement has been filed with the Commission as to such security, or while the registration statement is the subject of a refusal order or stop order or (prior to the effective date of the registration statement) any public proceeding or examination under Section 8 of the Securities Act [15 U.S.C. § 77h].

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Judgment by personal service or otherwise: (a) These Defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with these Defendants or with anyone described in (a).

B.
Section 17(a)(1) and (3) of the Securities Act
(Against Debtor Defendants)

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Debtor Defendants are permanently restrained and enjoined from violating Sections 17(a)(1) and (3) of the Securities Act [15 U.S.C. §§ 77q(a)(1) and (3)] in the offer or sale of any security by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

- (a) to employ any device, scheme, or artifice to defraud;
- (b) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser,

with respect to:

- (A) any investment strategy or investment in securities,
- (B) the prospects for success of any product or company,
- (C) the use of investor funds,
- (D) compensation to any person,
- (E) the misappropriation of investor funds or investment proceeds.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Judgment by personal service or otherwise: (a) These Defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with these Defendants or with anyone described in (a).

**C.
Section 17(a)(2) of the Securities Act**

(Against Woodbridge, WSF, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1, and Bridge Loan Fund 2)

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants Woodbridge, WSF, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1, and Bridge Loan Fund 2, are permanently restrained and enjoined from violating Section 17(a)(2) of the Securities Act [15 U.S.C. § 77q(a)(2)] in the offer or sale of any security by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

- (a) to obtain money or property by means of any untrue statement of a material fact or any omission of a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

with respect to:

- (A) any investment strategy or investment in securities,
- (B) the prospects for success of any product or company,
- (C) the use of investor funds,
- (D) compensation to any person,
- (E) the misappropriation of investor funds or investment proceeds.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Judgment by personal service or otherwise: (a) These Defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with these Defendants or with anyone described in (a).

D.

**Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act")
and Rules 10b-5(a) and (c) thereunder**

(Against Debtor Defendants)

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Debtor Defendants are permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rules 10b-5(a) and (c) promulgated thereunder [17 C.F.R. §§ 240.10b-5(a) and (c)], by using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security:

- (a) to employ any device, scheme, or artifice to defraud; or
- (b) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person,

with respect to:

- (A) any investment strategy or investment in securities,

- (B) the prospects for success of any product or company,
- (C) the use of investor funds,
- (D) compensation to any person,
- (E) the misappropriation of investor funds or investment proceeds.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Judgment by personal service or otherwise: (a) These Defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with these Defendants or with anyone described in (a).

E.

Section 10(b) of the Exchange Act and Rule 10b-5(b) thereunder

(Against Woodbridge, WSF, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1, and Bridge Loan Fund 2)

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants Woodbridge, WSF, Fund 1, Fund 2, Fund 3, Fund 3A, Fund 4, Bridge Loan Fund 1, and Bridge Loan Fund 2, are permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5(b) promulgated thereunder [17 C.F.R. § 240.10b-5(b)], by using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security:

- (a) to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading;

with respect to:

- (A) any investment strategy or investment in securities,
- (B) the prospects for success of any product or company,
- (C) the use of investor funds,
- (D) compensation to any person,
- (E) the misappropriation of investor funds or investment proceeds.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Judgment by personal service or otherwise: (a) These Defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with these Defendants or with anyone described in (a).

F.

Section 15(a) of the Exchange Act

(Against Woodbridge and WSF)

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants Woodbridge and WSF are permanently restrained and enjoined from violating, directly or indirectly, Section 15(a) of the Exchange Act, [15 U.S.C. § 78o(a)], by using the mails or other means or instrumentalities of interstate commerce, to effect transactions in, or to induce or attempt to induce the purchase or sale of securities, without being associated with a broker or dealer that was registered with the Commission in accordance with Section 15(b) of the Exchange Act [15 U.S.C. §78o(b)].

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Judgment by personal service or otherwise: (a) These Defendants'

officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with these Defendants or with anyone described in (a).

II. DISGORGEMENT AND PENALTY

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that upon motion of the Commission, if any, the Court shall determine whether it is appropriate to order disgorgement of ill-gotten gains and/or a civil penalty pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)] and, if so, the amount(s) of the disgorgement and/or civil penalty. If disgorgement is ordered, Debtor Defendants shall pay prejudgment interest thereon, calculated from December 4, 2017, based on the rate of interest used by the Internal Revenue Service for the underpayment of federal income tax as set forth in 26 U.S.C. § 6621(a)(2). In connection with the Commission's motion for disgorgement and/or civil penalties, if any, and at any hearing held on such a motion: (a) Debtor Defendants will be precluded from arguing that they did not violate the federal securities laws as alleged in the [Amended](#) Complaint; (b) Debtor Defendants may not challenge the validity of the Consent or this Judgment; (c) solely for the purposes of such motion, the allegations of the [Amended](#) Complaint shall be accepted as and deemed true by the Court; and (d) the Court may determine the issues raised in the motion on the basis of affidavits, declarations, excerpts of sworn deposition or investigative testimony, and documentary evidence, without regard to the standards for summary judgment contained in Rule 56(c) of the Federal Rules of Civil Procedure. In connection with the Commission's motion for disgorgement and/or civil penalties, if any, the parties may take discovery, including discovery from appropriate non-parties.

III. INCORPORATION OF CONSENT

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Consent is

incorporated herein with the same force and effect as if fully set forth herein, and that Debtor Defendants shall comply with all of the undertakings and agreements set forth therein.

**IV.
RETENTION OF JURISDICTION**

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Judgment. The Bankruptcy Court shall continue to maintain jurisdiction over all such matters to which the Bankruptcy Court has jurisdiction over in the Bankruptcy Case.

**V.
RULE 54(b) CERTIFICATION**

There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the Clerk is ordered to enter this Judgment forthwith and without further notice.

Dated: _____, 2018.

MARCIA G. COOKE UNITED STATES DISTRICT
JUDGE