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California Corporations Commissioner
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7

8 BEFORE THE DEPARTMENT OF CORPORATIONS
9 OF THE STATE OF CALIFORNIA

10
11 In the Matter of the) OAH No. 2010040244
DESIST AND REFRAIN ORDER and)
12 ACCUSATIONS Issued To:) AGENCY CASE No. 605-3991
)
13 Michael S. Gest, Joanna M. Gest,) **SETTLEMENT AGREEMENT**
Sticking Together Athletes Retirement, LLC)
14)
15)
16 Respondents.)
17)
18)
_____)

19 This Settlement Agreement is entered into between Respondents Sticking Together Athletes
20 Retirement, LLC, ("STAR, LLC"), Michael S. Gest ("Michael Gest") and Joanna M. Gest ("Joanna
21 Gest") and the California Corporations Commissioner ("Commissioner"), and is made with respect to
22 the following facts:

23 **TERMS AND CONDITIONS**

24 A. STAR, LLC is a California limited liability company with a principal place of
25 business at 100 Brown Street, Suite 220, Sebastopol, CA 95472. At all relevant times Michael Gest
26 and Joanna Gest were principals and managers of STAR, LLC.
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1 B. On April 24, 2008 the Commissioner issued to STAR, LLC a license to act as a
2 finance lender pursuant to the Finance Lenders Law of the State of California (Financial Code section
3 22000 et seq.).

4 C. On June 25, 2009, the Commissioner served Respondents STAR, LLC, Michael Gest,
5 and Joanna Gest with Notices of Intention to Issue Orders Revoking the Finance Lender License of
6 STAR, LLC, (pursuant to Financial Code section 22714) and Barring Michael Gest and Joanna Gest
7 from Employment, Management or Control of Any Finance Lender and/or Broker (pursuant to
8 Financial Code section 22169), together with an Accusation and accompanying documents, for the
9 failure to identify Michael Gest in the application for the CFL license. On August 12, 2009 an
10 additional Notice of Intent to Issue an Order Revoking the Finance Lender License of STAR, LLC,
11 and Accusation, was served on STAR, LLC, for failure to maintain a surety bond.

12 D. On June 25, 2009 the Commissioner issued a Desist and Refrain Order to Respondents
13 STAR, LLC, Michael Gest and Joanna Gest for violations of Corporations Code sections 25110 and
14 25401. Attached as Exhibit A is a true and correct copy of the Desist and Refrain Order.

15 E. The Respondents requested a hearing as to these matters and, a hearing was scheduled for
16 July 1, 2010 in the Office of Administrative Hearings in Oakland, California.

17 F. It is the intention and desire of the parties to settle and resolve these matters between the
18 Parties hereto, for judicial economy and expedience, and to avoid the expense of a hearing and
19 possible further court and administrative proceedings.

20 G. Respondents acknowledge their right to an administrative hearing in connection with
21 these Accusations and Desist and Refrain Order and hereby waive their right to a hearing, and to any
22 reconsideration, appeal, or other rights which may be afforded pursuant to the Finance Lenders Law,
23 Corporations Code, the California Administrative Procedure Act, the California Code of Civil
24 Procedure, or any other provision of law in connection with this matter herein.

25 H. The Parties hereby acknowledge and agree that this Settlement Agreement is intended to
26 constitute a full, final and complete resolution of this matter as to Respondents. The parties further
27 acknowledge and agree that nothing contained in this Settlement Agreement shall operate to limit the
28 Commissioner's ability to assist any other agency, (county, state or federal) with any prosecution,

1 administrative, civil or criminal, brought by any such agency against Respondents based upon any of
2 the activities alleged in this matter or otherwise.

3 I. Each of the parties represents, warrants, and agrees that it has received independent
4 advice from its attorney(s) and/or representatives with respect to the advisability of executing this
5 Settlement Agreement.

6 J. Each of the parties represents, warrants, and agrees that in executing this Settlement
7 Agreement it has relied solely on the statements set forth herein and the advice of its own counsel
8 and/or representative. Each of the parties further represents, warrants, and agrees that in executing
9 this Settlement Agreement it has placed no reliance on any statement, representation, or promise of
10 any other party, or any other person or entity not expressly set forth herein, or upon the failure of any
11 party or any other person or entity to make any statement, representation or disclosure of anything
12 whatsoever. The parties have included this clause: (1) to preclude any claim that any party was in
13 any way fraudulently induced to execute this Settlement Agreement; and (2) to preclude the
14 introduction of parole evidence to vary, interpret, supplement, or contradict the terms of this
15 Settlement Agreement.

16 K. This Settlement Agreement is the final written expression and the complete and
17 exclusive statement of all the agreements, conditions, promises, representations, and covenants
18 between the parties with respect to the subject matter hereof, and supercedes all prior or
19 contemporaneous agreements, negotiations, representations, understandings, and discussions between
20 and among the parties, their respective representatives, and any other person or entity, with respect to
21 the subject matter covered hereby.

22 L. In that the parties have had the opportunity to draft, review and edit the language of
23 this Settlement Agreement, no presumption for or against any party arising out of drafting all or any
24 part of this Settlement Agreement will be applied in any action relating to, connected, to, or involving
25 this Settlement Agreement. Accordingly, the parties waive the benefit of California Civil Code
26 section 1654 and any successor or amended statute, providing that in cases of uncertainty, language
27 of a contract should be interpreted most strongly against the party who caused the uncertainty to
28 exist.

1 M. Respondents hereby acknowledge that this Settlement Agreement will be a matter of
2 public record, and should the Department require appropriate judicial action or review the Agreement
3 will be admissible and subject to disclosure in any court of competent jurisdiction solely for
4 enforcement purposes of this settlement and the orders issued therein.

5 N. This Settlement Agreement shall not become effective until signed by all parties.

6 O. This Settlement Agreement may be executed in one or more counterparts, each of
7 which shall be an original but all of which, together, shall be deemed to constitute a single document.
8 This Settlement Agreement may be executed by facsimile signature, and any such facsimile signature
9 by any party hereto shall be deemed to be an original signature and shall be binding on such party to
10 the same extent as if such facsimile signature were an original signature.

11 P. Each signator hereto covenants that he/she possesses all necessary capacity and
12 authority to sign and enter into this Settlement Agreement.

13 Q. The admissions of Respondents in this Settlement Agreement are solely for the limited
14 purposes of these proceedings and any future proceeding(s) that may be initiated by or brought before
15 the Commissioner against Respondents. It is the intent and understanding between the parties that
16 this Settlement Agreement, and particularly the admissions of Respondents herein, shall not be
17 binding or admissible against Respondents in any action(s) brought against Respondents by third
18 parties.

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

21 **SETTLEMENT AGREEMENT**
22 **AS TO THE ACCUSATIONS SUPPORTING**
23 **REVOCATION, BAR AND SUSPENSION**

24 Respondents agree and admit the allegations contained in the Accusations supporting the
25 Commissioner's Notice of Intent to Revoke the Finance Lenders License of STAR, LLC pursuant to
26 Financial Code section 22714, and Notice of Intent to Bar Respondents Michael Gest and Joanna
27 Gest from any position of employment, management or control of any finance lender pursuant to
28 Financial Code section 22169, as follows:

**I.
INTRODUCTION**

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3 1. Respondent Sticking Together Athletes Retirement, LLC, (“STAR, LLC”) is a
4 California limited liability company formed on December 1, 2006, with a principal place of business at
5 2635 Cleveland Avenue, Suite 8, Santa Rosa, CA 95403, that thereafter moved to 100 Brown Street,
6 Suite 220, Sebastopol, CA 95472. On March 16, 2007 Respondent Michael S. Gest (“Michael Gest”)
7 filed with the California Secretary of State a Statement of Information representing that he was the
8 President, Chief Executive Officer and Manager of STAR, LLC.

9 2. On December 6, 2006 STAR, LLC filed with the Commissioner an application for a
10 California Finance Lender license (“CFL license”). The application was not signed by Respondent
11 Joanna M. Gest (“Joanna Gest”), the wife of Michael Gest, on behalf of STAR, LLC, until May 7,
12 2007. In the application Joanna Gest represented that she was the only person who was an officer,
13 director, principal, manager, control person, or person in charge of the business of STAR, LLC. As a
14 result, on April 24, 2008 the Commissioner issued to STAR, LLC a license to act as a finance lender
15 pursuant to the Finance Lenders Law of the State of California (Financial Code section 22000 et seq.).

16 3. In fact, since its formation on December 6, 2006 and to date, Respondent Michael Gest
17 has been a manager, control person, or person in charge of the business of STAR, LLC, and the failure
18 to disclose this in the CFL license application was a violation of California Financial Code section
19 22101 and Code of Regulations, Title 10, section 1422.

20 4. The California Commissioner of Corporations has continuous authority to exercise the
21 powers set forth in the Finance Lenders Law and make general rules and regulations and specific
22 rulings, demands, and findings for the enforcement of those laws. (Financial Code sections 22005,
23 22150, and 22705.).

**II.
STATEMENT OF FACTS**

A. The Restricted Real Estate Broker License of Michael Gest

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27 5. Respondent Michael Gest was licensed with the California Department of Real Estate
28 as a real estate broker and president of Brookwood Mortgage and Investment Corporation, when on

1 March 7, 2005 that Department filed an Accusation seeking the suspension or revocation of his
2 license. The Accusation followed an audit that showed that Brookwood Mortgage was improperly
3 maintaining trust accounts, among other things, in violation of California Real Estate Law. Following
4 a two day hearing, the Department of Real Estate formally ordered on December 13, 2005, that the
5 licensing rights of Michael Gest were restricted, allowing him to engage in licensed activities under
6 the heightened supervision of a restricted license.

7 6. Soon thereafter, finding evidence of continuing unlawful activity in the maintenance of
8 records, the Department of Real Estate issued an "Order Suspending Restricted Real Estate License"
9 of Michael Gest on December 12, 2007. Michael Gest signed a declaration on March 21, 2008
10 agreeing to voluntarily surrender his real estate license without a hearing, which was formally
11 accepted by the Department of Real Estate on May 9, 2008.

12 **B. History of Efforts by Michael Gest to Obtain a California Finance Lender's License from**
13 **the Department of Corporations**

14 7. On June 24, 2005 Michael Gest, as President, filed an application for a CFL license
15 with the Department of Corporations (hereafter "the Department") on behalf of Brookwood Mortgage
16 and Investment Corporation. In the application Michael Gest provided that he was the sole owner,
17 officer, and director and that he alone would be responsible for the conduct of the lending activity and
18 in charge of the company's business. He indicated that the proposed operations would be the making
19 of commercial and consumer loans, secured and unsecured, for minimum amounts of \$5,000. On
20 August 26, 2005 the Commissioner informed Michael Gest that it had discovered that he was the
21 subject of the Department of Real Estate Accusation dated March 7, 2005 and that until that agency
22 action was completed the application could not be further considered. After that Accusation resulted
23 in the December 13, 2005 restriction of his Department of Real Estate license, the Commissioner
24 informed Michael Gest that the restriction provided cause to deny the CFL license application
25 pursuant to Financial Code section 22109(a)(2) (as an act substantially related to his qualifications to
26 engage in the business of finance lending), and 22109(a)(3), (as a violation of a similar California
27 regulatory scheme). Michael Gest was informed that it was the Department's intent to deny the
28 application and he was invited to withdraw the application. The application was so withdrawn on May

1 3, 2006.

2 8. On February 16, 2006 a second application for a CFL license was filed with the
3 Department on behalf of Income Security Investment, LP. This application was signed by Michael
4 Gest, not as a partner of this limited partnership, but as president of Brookwood Mortgage and
5 Investment Corporation, which was to be the general partner. According to the application Michael
6 Gest was the sole shareholder, officer, and director of Brookwood and the person responsible for the
7 conduct of the lending activity and in charge of the business of Income Security Investment, LP. On
8 July 11, 2006 the Department informed the limited partnership that due to Michael Gest's real estate
9 license restriction, it was the intention of the Department to deny the application pursuant to Financial
10 Code section 22109(a)(2) and (3). Pursuant to the Department's invitation, the application was
11 formally withdrawn on February 26, 2007.

12 9. On November 16, 2007 an application for a CFL license on behalf of ABC America's
13 Best Choice Financial Group, Inc. was signed by the corporation's President Clarke Doyle. The
14 application was filed with the Department on January 8, 2008. In the application Michael Gest was
15 listed as the company's secretary and a director. On March 11, 2008 the Department wrote to ABC
16 that until the removal of the then recent December 2007 suspension of Michael Gest's restricted real
17 estate license, a CFL license application could not be approved. Doyle next stated that Michael Gest
18 was no longer an owner, and then no longer an officer, but when the Department asked in a letter of
19 April 28, 2008 if Michael Gest would be employed at the company, there was no further response, and
20 on July 10, 2008 the Department gave notice that the application was considered withdrawn.

21 10. As stated in the introduction above, on December 6, 2007 an application for a CFL
22 license was filed on behalf of STAR, LLC, signed under penalty of perjury by Joanna Gest, the wife of
23 Michael Gest. She stated that she was the only person who was an officer, director, principal,
24 manager, control person, or person in charge of the business, and only direct and indirect owner of
25 more than 10% of STAR, LLC, but she also listed Staars Wealth Corporation as a manager of STAR,
26 LLC. After the Department asked for a similar listing of persons in any such positions as to Staars
27 Wealth Corporation, the law firm representing Joanna Gest wrote that she was the only principal,
28 officer and director and 100% shareholder of that corporation. Accordingly, on April 24, 2008, the

1 Department issued a CFL license, number 6053991, to STAR, LLC. The Department would not have
2 issued the license had the actual management and control by Michael Gest of STAR, LLC been
3 disclosed.

4 **C. Examination of STAR, LLC, by the Department of Corporations**

5 11. On December 19, 2008 the Department of Corporation's examiner Annette Yeung
6 made an unannounced visit to STAR, LLC at 100 Brown Street, Sebastopol, CA, in order to observe
7 the management of the CFL licensee. There were just three workers present at the time of the
8 examination: a receptionist located just inside the entry doorway, another staff member at a cubicle,
9 and Michael Gest in his enclosed office. Mr. Gest stated that his wife Joanna was not in the office that
10 day and added that she had a desk across from his desk. Throughout the examination Michael Gest
11 performed all management functions, answered all questions about the company, and provided all
12 finance lending related documents requested (copied for Mr. Gest by other staff members). Joanna
13 Gest was not present and had no communication with the Department examiner at any point during the
14 examination. Mr. Gest told examiner Yeung that he was a former broker but now only an unpaid
15 administrative assistant for STAR, LLC and for Stars (elsewhere spelled "Staars") Wealth
16 Corporation, and yet at the front desk was a business card that identified Mr. Gest as a "principal" of
17 "STAR". On February 4, 2008 Michael Gest signed a Subscription Agreement for the purchase of
18 membership interests on behalf of STAR, LLC and as President of Sticking Together Athletes
19 Retirement, Inc., Manager of the LLC.

20 **III.**

21 **CALIFORNIA FINANCE LENDERS LAW**

22 12. California Financial Code section 22100 provides that no person, including a
23 corporation and limited liability company, shall engage in the business of a finance lender or broker
24 without obtaining a license from the Commissioner.

25 13. Financial Code section 22101, subdivision (a), provides that an application for a license
26 as a finance lender or broker shall be in the form and contain the information that the Commissioner
27 may by rule require. Financial Code section 22105 provides that when the applicant is a limited
28 liability company "the commissioner shall investigate the applicant, its principal officers, directors,

1 managing member, and persons owning or controlling, directly or indirectly, 10% or more of the
2 outstanding equity securities or any person responsible for the conduct of the applicant’s lending
3 activities in this state.”

4 14. California Code of Regulations (“C.C.R.”), Title 10, section 1422 requires the use of a
5 specific form when applying for a CFL license, the form used by Respondents. It requires that an
6 applicant when a limited liability company list the names of the President/Chief Executive Officer,
7 manager (in the instructions for filing out the form at Item 6c “managers” are defined as “persons
8 with authority to manage the operations of the organization”), each person who will be in charge of
9 the place of business, each person who will be responsible for the conduct of the applicant’s lending
10 activity, and each person who owns or controls, directly or indirectly, 10% or more of the applicant.

11 15. In order to allow the Department to perform the investigation mandate of Financial
12 Code section 22105, C.C.R. section 1422 further requires the CFL license applicant to complete and
13 submit a Statement of Identity and Questionnaire (“SIQ”) for each person listed in application.

14 Among other things, the SIQ requires that as to each person listed the following be disclosed:

- 15 • any order, judgment or decree of any court or any governmental agency or administration,
16 temporarily or permanently restraining or enjoining the person listed from engaging in or
17 continuing any conduct practice or employment;
- 18 • whether any person listed is currently, or has been within the last ten years, under federal,
19 state or local investigation for possible violation of any law, ordinance, licensing, or
20 regulatory scheme; and
- 21 • whether any person listed has had any license to engage in business refused, suspended,
22 revoked, or surrendered subject to a settlement, or any other similar action.

23 Both the CFL license application form and SIQ are to be signed under penalty of perjury.

24 16. Financial Code section 22108 provides that the Commissioner may by regulation
25 require the licensee to file any changes in the information provided in an application for a CFL
26 license. C.C.R. section 1409 requires that each licensee file an amendment to the CFL license
27 application in the event of any change in the officers, directors, and other persons required to be
28

1 named in the application. This admonishment is also placed on the execution section of the
2 application form just above the signature of Joanna Gest.

3 17. Financial Code section 22159 provides that each year a CFL licensee must file with
4 the Commissioner an annual report. On April 29, 2009, Joanna Gest as President of STAR, LLC,
5 filed an annual report that failed to include any reference or information relating to Michael Gest.

6 18. The Respondents have not at any time, whether by application amendment, an annual
7 report or otherwise, filed notice of any involvement of Michael Gest in the management, control, or
8 ownership of STAR, LLC.

9 19. Pursuant to California Financial Code section 22112, all CFL licensees are required to
10 maintain a surety bond in the minimum amount of \$25,000.00. The surety bond of respondent
11 STAR, LLC expired on 08/06/09. On or about 07/09/09 the Commissioner notified respondent that a
12 replacement surety bond had to be filed immediately, but no later than the expiration date to avoid
13 suspension or revocation its CFL license. Respondent STAR, LLC, has yet to obtain a replacement
14 surety bond in violation of California Financial Code section 22112.

15 20. California Financial Code section 22112 provides in pertinent part:

16 A licensee shall maintain a surety bond in accordance with this subdivision in the
17 amount of twenty-five thousand dollars (\$25,000). The bond shall be payable to the
18 commissioner and issued by an insurer authorized to do business in this state. A copy
19 of the bond, including any and all riders and endorsements executed subsequent to the
20 effective date of the bond, shall be filed with the commissioner for review and
21 approval within 10 days of execution. For licensees with the amount of twenty-five
22 thousand dollars (\$25,000) is required. The bond shall be used for the recovery of
23 expenses, fines, and fees levied by the commissioner in accordance with this division
24 or losses or for damages incurred by consumers as the result of a licensee's
25 noncompliance with the requirements of this division.

26 21. Financial Code section 22714 provides in pertinent part:

27 (a) The commissioner shall suspend or revoke any license, upon notice
28 and reasonable opportunity to be heard, if the commissioner finds any
of the following:

(1) The licensee has failed to comply with any demand, ruling,
or requirement of the commissioner made pursuant to and within the
authority of this division.

1 (2) The licensee has violated any provision of this division or
2 any rule or regulation made by the commissioner under and within the
3 authority of this division.

4 (3) A fact or condition exists that, if it had existed at the time of
5 the original application for the license, reasonably would have
6 warranted the commissioner in refusing to issue the license
7 originally....

8 22. California Financial Code section 22109 provides in pertinent part:

9 (a) Upon reasonable notice and opportunity to be heard, the
10 commissioner may deny the application for any of the following
11 reasons:

12 (1) A false statement of a material fact has been made in the
13 application.

14 (2) The applicant or an officer, director, general partner, person
15 responsible for the applicant's lending activities in this state, or person
16 owning or controlling, directly or indirectly, 10 percent or more of the
17 outstanding interests or equity securities of the applicant has, within the
18 last 10 years, ...committed an act involving dishonesty, fraud, or deceit
19 if the crime or act is substantially related to the qualifications, functions
20 or duties of a person engaged in business in accordance with this
21 division.

22 (3) The applicant or any officer, director, general partner, or
23 person owing or controlling directly or indirectly, 10 percent or more of
24 the outstanding interests or equity securities of the applicant has
25 violated any provision of this division or the rules thereunder or any
26 similar regulatory scheme of the State of California or foreign
27 jurisdiction....

28 23. Financial Code section 22169, enacted on July 7, 2007, provides in pertinent part:

(a) The commissioner may, after appropriate notice and opportunity for
hearing, by order, censure or suspend for a period not exceeding 12
months, or bar from any position of employment, management, or
control any finance lender, broker, or any other person, if the
commissioner finds either of the following:

(1) That the censure, suspension, or bar is in the public interest
and that the person has committed or caused a violation of this division
or rule or order of the commissioner, which violation was either known
or should have been known by the person committing or causing it or
has caused material damage to the finance lender, or to the public.

(2) That the person has been convicted of or pleaded nolo
contendere to any crime, or has been held liable in any civil action by
final judgment, or any administrative judgment by any public agency, if
that crime or civil or administrative judgment involved any offense

1 involving dishonesty, fraud, or deceit, or any other offense reasonably
2 related to the qualifications, function, or duties of a person engaged in
the business in accordance with the provisions of this division....

3 (c) Upon receipt of a notice of intention to issue an order pursuant to
4 this section, the person who is the subject of the proposed order is
immediately prohibited from engaging in any activities subject to
5 licensure under the law.

6 (d) Persons suspended or barred under this section are prohibited from
7 participating in any business activity of a finance lender and from
engaging in any business activity on the premises where a finance
8 lender is conducting business.”

9 24. As evidenced by the Statement of Information he filed with the Secretary of State on
10 March 16, 2007, the Subscription Agreement he signed on February 4, 2008, and the examination by
11 Department of Corporations examiner Annette Yeung on December 19, 2008, Michael Gest was the
12 President, Chief Executive Officer and Manager of STAR, LLC. He also owned or controlled,
13 directly or indirectly 10% or more of STAR, LLC, through his marriage with Joanna Gest.

14 25. Respondents STAR, LLC, Joanna Gest, and Michael Gest violated Financial Code
15 sections 22101(a) and 22109(a)(1) and (3), and C.C.R. section 1422, when they failed to identify and
16 list Michael Gest in the initial application and SIQ, and violated Financial Code section 22108 and
17 C.C.R. section 1409 when they failed to identify and list Michael Gest through an amendment or
18 annual report. If Michael Gest had been properly listed in the CFL license application or other
19 filings, the Department of Real Estate investigation, accusation, and later license restriction, would
20 have been uncovered, and the Commissioner would have rejected the CFL license application of
21 STAR, LLC., as it had rejected two previous applications associated with Michael Gest. Respondent
22 STAR, LLC, also violated California Financial Code section 22112 by failing to obtain a replacement
23 surety bond.

24 Respondent STAR, LLC hereby agrees to the issuance by the Commissioner of an Order
25 Revoking its Finance Lenders License. The revocation shall become effective immediately upon the
26 execution of this Settlement Agreement. A copy of the revocation Order is attached and incorporated
27 as Exhibit B.
28

1 Respondent Michael Gest hereby agrees to the issuance by the Commissioner of an Order
2 barring Michael Gest from any employment, management or control of any California finance lender
3 and/or broker. The bar Order shall become effective immediately upon the execution of this
4 Settlement Agreement. A copy of the bar Order is attached and incorporated as Exhibit C.

5 Respondent Joanne Gest hereby agrees to the issuance by the Commissioner of an Order
6 suspending Joanne Gest from any employment, management or control of any California finance
7 lender and/or broker for a period of one year. The suspension Order shall become effective
8 immediately upon the execution of this Settlement Agreement. Joanne Gest further agrees that she
9 will not in the future work for any company licensed or certified by the Department of Corporations
10 nor apply for any license in any field over which the Department of Corporations jurisdiction (eg.
11 finance lenders, broker-dealers, investment advisers, etc.). A copy of the suspension Order is attached
12 and incorporated as Exhibit D.

13 **SETTLEMENT AGREEMENT**
14 **AS TO THE DESIST AND REFRAIN ORDER**

15 Respondents agree and admit the findings and opinions contained in the Desist and Refrain
16 Order issued to Respondents on June 25, 2009 for violations of Corporations Code sections 25110
17 and 25401, (attached as Exhibit A), as follows:

18 1. Sticking Together Athletes Retirement, LLC, (“STAR, LLC”) is a California limited
19 liability company formed on December 1, 2006, with a principal place of business at 100 Brown
20 Street, Suite 220, Sebastopol, CA 95472. At all relevant times Michael S. Gest (“Michael Gest”) and
21 Joanna M. Gest (“Joanna Gest”) were principals and managers of STAR, LLC.

22 2. Beginning around June 2007, STAR, LLC, Michael Gest and Joanna Gest have
23 offered to sell securities in the form of membership interests in a limited liability company.

24 3. The purported purpose of the solicitation was to seek capital for a mortgage pool or
25 fund that would invest in residential and commercial real estate and yield reasonable to high rates of
26 return.

27 4. On June 7, 2007 STAR, LLC filed with the Department of Corporations a Form D
28 Notice of Sale of Securities claiming an exemption from registration pursuant to Rule 506 of

1 Regulation D of the federal Securities Act. However, STAR, LLC, Michael Gest and Joanna Gest
2 have engaged in general solicitations to offer these securities for sale to the public by through the
3 Internet on website www.starswm.com. As a result, the offers are not exempt under Regulation D as
4 claimed and not exempt from California qualification requirements pursuant to Corporations Code
5 section 25102.1.

6 5. These securities were offered in this state in issuer transactions. The Department of
7 Corporations has not issued a permit or other form of qualification authorizing any person or entity to
8 offer and sell these securities in this state.

9 6. In connection with these offers, STAR, LLC, Michael Gest and Joanna Gest omitted
10 to disclose material facts, specifically that on June 27, 2006, Terry Obee, a senior managing director
11 of STARS, LLC, pleaded guilty to a felony involving securities fraud in the United States District
12 Court for the Northern District of Illinois, case number 05-cr-00668, and on December 11, 2003,
13 Terry Obee was permanently barred by the National Association of Securities Dealers (“NASD”)
14 from associating with any NASD licensed person or entity, in case number C8A020092. NASD is
15 the national self-regulatory organization for the broker-dealer industry in the United States now
16 known as the Financial Industry Regulatory Authority.

17 The investments offered by STAR, LLC, Michael Gest and Joanna Gest constitute securities,
18 which are subject to qualification under the California Corporate Securities Law of 1968, and that
19 these securities have been and are being offered without being qualified, and are not exempt, in
20 violation of Corporations Code section 25110.

21 The securities were offered by STAR, LLC, Michael Gest and Joanna Gest by means of
22 written or oral communications that failed to disclose material facts in violation of 25401 of the
23 Corporations Code.

24 Respondents Sticking Together Athletes Retirement, LLC, Michael S. Gest, and Joanna M.
25 Gest agree to desist and refrain from the further offer or sale in the State of California of securities,
26 including but not limited to membership interests in a limited liability company, unless and until
27 qualification has been made under the law or unless exempt.

28

1 Respondents Sticking Together Athletes Retirement, LLC,, Michael S. Gest and Joanna M.
2 Gest further agree to desist and refrain from offering or selling or buying or offering to buy securities
3 in this state, including but not limited to membership interests in a limited liability company, by
4 means of any written or oral communication which includes an untrue statement of a material fact or
5 omits to state a material fact necessary in order to make the statements made, in light of the
6 circumstances under which they are made, not misleading.

7
8 Dated: 6/30/10

PRESTON DuFAUCHARD
California Corporations Commissioner

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10 By _____

ALAN S. WEINGER
Deputy Commissioner

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12
13 Dated: 6-18-2010

By _____
On behalf STAR LLC

14
15
16 Dated: 6-18-2010

By _____
Michael S. Gest, as an individual

17
18
19 Dated: 6-18-2010

By _____
Joanna M. Gest, as an individual

20
21 APPROVED AS TO FORM:

22 Dated: 6-18-2010

23 By: _____

24 William J. Rogers
25 Attorney for STAR, LLC,
26 Michael S. Gest
27 Joanna M. Gest
28