

BEFORE THE SECURITIES COMMISSIONER
OF THE STATE OF KANSAS



In the Matter of:

David P. Landwehr (CRD # 2197925)

Docket No. **20 E 047**
KSC No. 2018-6516

Respondent.

Pursuant to K.S.A. 17-12a604

CONSENT ORDER

1. The Staff of the Office of the Kansas Securities Commissioner (“KSC Staff”) allege that David P. Landwehr (“Landwehr”) engaged in conduct constituting violations of the Kansas Uniform Securities Act, K.S.A. 17-12a101 *et seq.* (“the KUSA”), and that Landwehr is subject to administrative sanctions and remedies under K.S.A. 17-12a604.
2. Landwehr and KSC Staff desire to settle the matters raised by KSC Staff relating to Landwehr’s alleged violations.

CONSENT TO JURISDICTION

3. Landwehr and KSC Staff stipulate and agree that, under the KUSA, the Securities Commissioner of Kansas (“the Commissioner”) has jurisdiction over Landwehr and this matter.
4. Landwehr and KSC Staff stipulate and agree that the Commissioner has authority to enter this Order under K.S.A. 17-12a604.

WAIVER AND EXCEPTION

5. Landwehr waives his right to a hearing with respect to these matters.
6. Landwehr waives any rights that he may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order.
7. Landwehr specifically forever releases and holds harmless the Commissioner, KSC Staff, and their respective representatives and agents from any and all liability and claims arising out of, pertaining to, or relating to this matter.
8. Landwehr stipulates and agrees that, should the facts contained herein prove to be false or incomplete, the Commissioner and KSC Staff reserve the right to pursue any and all legal and administrative remedies at their disposal.

CONSENT TO THE COMMISSIONER'S ORDER

9. Landwehr and KSC Staff agree to the issuance of this Order without further proceedings in this matter, and agree to be fully bound by the terms and conditions specified herein.
10. Without admitting or denying the allegations made by the KSC Staff as reflected in the Findings of Fact and Conclusions of Law set forth below, Landwehr agrees to the issuance of this Order on the basis of such Findings of Fact and Conclusions of Law solely for the purposes of this proceeding and any proceeding that may be brought to enforce the terms of this Order.
11. Landwehr agrees to not take any action nor to make or permit to be made any public statement creating the impression that this Order is without a factual basis.

Nothing in this Order affects Landwehr's testimonial obligations or right to take legal or factual positions in defense of litigation or in defense of other legal proceedings in which the Commissioner is not a party.

FINDINGS OF FACT

12. Landwehr is an individual residing at

Prior to the events described herein, Landwehr was variously registered under the KUSA as an agent associated with a broker-dealer or an investment adviser representative. At the time of the events described herein, Landwehr was registered under the KUSA as an investment adviser representative associated with My Cash Flow Manager, LLC, CRD # 146165 ("MCFL"). Landwehr was the sole member, President and Chief Compliance Officer of MCFL. MCFL was an investment adviser registered under the KUSA from August 7, 2008, to March 1, 2019. On March 1, 2019, MCFL filed a Form ADV-W with the CRD, which provided MCFL's notice of withdrawal from registration as an investment adviser under the KUSA. Landwehr's registration under the KUSA as an investment adviser representative became ineffective on March 1, 2019, upon the filing of MCFL's Form ADV-W. Landwehr is currently a licensed insurance agent in the State of Kansas.

13. From approximately August 2016 through approximately October 2017, Landwehr acted as an agent of Woodbridge Mortgage Investment Fund 2, LLC ("Woodbridge 2"), Woodbridge Mortgage Investment Fund 3, LLC ("Woodbridge

3”), Woodbridge Mortgage Investment Fund 3A, LLC (“Woodbridge 3A”), and Woodbridge Mortgage Investment Fund 4, LLC (“Woodbridge 4”) in effecting the sale of promissory notes to several of his Veterans pension clients, for which Landwehr received commissions.

14. At the time of the sales, the promissory notes were not registered as a security under the KUSA as required. Additionally, Landwehr was not registered as an agent under the KUSA as required.

Woodbridge Investments

15. Woodbridge 2, Woodbridge 3, Woodbridge 3A and Woodbridge 4 were part of a group of affiliated entities (collectively, the “Woodbridge Entities”) that were used by an individual named Robert Shapiro (“Shapiro”) to perpetrate a nationwide Ponzi scheme.
16. Specifically, between no later than July 2012 through December 2017, Shapiro used a web of more than 275 limited liability companies to perpetrate a Ponzi scheme in which he raised more than \$1.22 billion from over 10,000 investors nationwide.
17. The Woodbridge Entities were in the business of extending short-term loans to third-party borrowers. As part of each loan, the third-party borrower gave a First Position Commercial Mortgage (“FPCM”) in favor of the particular Woodbridge Entity that extended the loan.

18. To raise funds for the loans to the third-party borrowers, the Woodbridge Entities sold promissory notes to investors. Proceeds from the sale of each promissory note were then used by the Woodbridge Entity which sold the note to extend a loan to a particular third-party borrower. Once the Woodbridge Entity received the FPCM from the borrower, the Woodbridge Entity then assigned a pro-rata portion of the FPCM to the investors whose funds were used to extend the loan.
19. As part of each short-term loan, the third-party borrower was to make regular monthly interest payments to the Woodbridge Entity which extended the loan, which would in turn generate the investment returns for the purchasers of the promissory notes.
20. The promissory notes sold by the Woodbridge Entities generally promised to pay investors an annual interest rate of five to eight percent. Interest payments to investors were to be made monthly and the principal was to be paid at the end of each note's respective term.
21. The Woodbridge Entities used independent sales agents to solicit purchases of the promissory notes, which agents were paid commissions for each sale.
22. During the scheme, Shapiro used at least \$368 million of new investor funds to pay fictitious returns or profits to existing investors. Further, Shapiro used approximately \$64.5 million of investor funds to pay commissions to agents who sold the promissory notes to investors.
23. On December 4, 2017, the Woodbridge Entities filed for chapter 11 bankruptcy in the United States Bankruptcy Court for the District of Delaware. On February 15,

2019, the bankruptcy court issued an order confirming the *First Amended Joint Chapter 11 Plan of Liquidation*, which established the Woodbridge Liquidation Trust to hold and administer trust assets and make distributions to beneficiaries, including investors who purchased promissory notes from the Woodbridge Entities. The Woodbridge Liquidation Trust is currently asserting legal and equitable claims against agents to recover the commissions paid for the sale of Woodbridge promissory notes.

Landwehr and his Clients' Promissory Notes

24. Landwehr was initially approached by the Woodbridge Entities to sell Woodbridge promissory notes in 2016. Prior to recommending the Woodbridge promissory notes, Landwehr researched the Woodbridge Entities by checking the Woodbridge Entities' Better Business Bureau rating, conferring with his errors and omissions insurance broker, and speaking with an employee of the Woodbridge Entities.
25. From approximately August 2016 through approximately October 2017, Landwehr recommended that several of his clients purchase promissory notes from the Woodbridge Entities.
26. Landwehr recommended the Woodbridge promissory notes to his clients because he believed it provided a safe rate of return, that his clients' principal would be safe, that the promissory notes had adequate liquidity, and that the promissory notes would yield a better return than a bank certificate of deposit. Despite

- Landwehr's inquiries related to the Woodbridge Entities, as described in Paragraph 24, Landwehr was unaware of the fraudulent activities of the Woodbridge Entities and Shapiro. In addition, Landwehr was unaware that the promissory notes were securities.
27. From approximately August 2016 through approximately October 2017, 19 of Landwehr's clients signed promissory notes and loan agreements with the Woodbridge Entities. Under the loan agreements, Landwehr's clients loaned a total of \$2,711,000 to the Woodbridge Entities. Under the promissory notes, the Woodbridge Entities promised to pay each of Landwehr's clients their principal amount, plus monthly payments of interest of approximately 5% per annum.
28. Before the commencement of the Woodbridge Entities' bankruptcy, Landwehr's clients received a total of \$72,283.58 in interest payments from the Woodbridge Entities. Two of Landwehr's clients have received partial repayments of their principal, cumulatively totaling \$110,000, owed under their promissory notes with the Woodbridge Entities. At the time the Woodbridge Entities filed for bankruptcy, Landwehr's clients were owed an approximate cumulative total of \$2.6 million in principal under their promissory notes with the Woodbridge Entities.
29. Landwehr received commissions of roughly four percent, totaling \$118,066.66, from the Woodbridge Entities for his role in effectuating the sale of the promissory notes to Landwehr's clients.

30. At the times relevant hereto, Landwehr was not registered under the KUSA as an agent of the Woodbridge Entities.

CONCLUSIONS OF LAW

31. The Commissioner has jurisdiction over Landwehr and this matter.
32. The promissory notes purchased by Landwehr's clients are securities as that term is defined in K.S.A. 17-12a102(28).
33. The promissory notes purchased by Landwehr's clients are not federal covered securities, as that term is defined in K.S.A. 17-12a102(7), and are not exempt from registration under K.S.A. 17-12a201 through 17-12a203.
34. Landwehr violated K.S.A. 17-12a301 by offering and selling the Woodbridge promissory notes to his clients.
35. In effecting the sale of the Woodbridge promissory notes, Landwehr was an agent, as that term is defined in K.S.A. 17-12a102(2), of the Woodbridge Entities, and was not exempt from registration under K.S.A. 17-12a402(b).
36. Landwehr violated K.S.A. 17-12a402 by transacting business in this state as an agent when Landwehr was neither registered under the KUSA as an agent of the Woodbridge Entities nor exempt from registration.

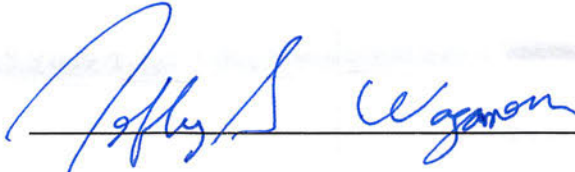
ORDER

IT IS THEREFORE ORDERED that Landwehr shall pay a civil penalty in the amount of \$17,709.99. Payment shall be in the form of a cashier's check made payable to the "Office of the Kansas Securities Commissioner," and delivered to 109 SW 9th Street,

Suite 600, Topeka, KS 66612. Such payment shall be made within 30 days of the issuance of this Order. Upon receipt, such payment shall be deposited in the Investor Education and Protection Fund.

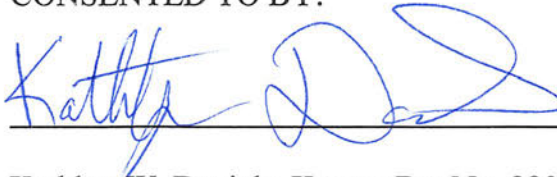
IT IS SO ORDERED BY THE COMMISSIONER.

Entered at Topeka, Kansas, this 3 day of December, 2019,



Jeffrey S. Wagaman
Kansas Securities Commissioner

CONSENTED TO BY:



Kathlyn W. Daniels, Kansas Bar No. 28090
Staff Attorney
OFFICE OF THE KANSAS SECURITIES COMMISSIONER
Attorney for KSC Staff



David P. Landwehr
Respondent

STATE OF KANSAS)
) ss:
COUNTY OF SEDGWICK)

This instrument was signed before me on this 18TH day of NOVEMBER, 20 19,
by David P. Landwehr.

(seal) Michelle A. Wright
Notary Public

My appointment expires: 6/23/2021

