

BEFORE THE SECURITIES COMMISSIONER  
OF THE STATE OF KANSAS



In the Matter of:

Drayson D. Doyle (CRD # 1029969)

Docket No. 20E063  
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 Drayson D. Doyle (“Doyle”) engaged in conduct constituting violations of the Kansas Uniform Securities Act, K.S.A. 17-12a101 *et seq.* (“the KUSA”), and that Doyle is subject to administrative sanctions and remedies under K.S.A. 17-12a604.
2. Doyle and KSC Staff desire to settle the matters raised by KSC Staff relating to Doyle’s alleged violations.

**CONSENT TO JURISDICTION**

3. Doyle and KSC Staff stipulate and agree that, under the KUSA, the Securities Commissioner of Kansas (“the Commissioner”) has jurisdiction over Doyle and this matter.
4. Doyle 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. Doyle waives his right to a hearing with respect to these matters.
6. Doyle waives any rights that he may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Order.
7. Doyle 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. Doyle 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. Doyle 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, Doyle 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. Doyle 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 Doyle'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. Doyle is an individual residing in the State of Michigan and having a mailing address of . Doyle is a licensed non-resident insurance agent in the State of Kansas. Prior to the events described herein, Doyle was registered under the KUSA as an agent of a broker-dealer. Doyle's registration as an agent of a broker-dealer was terminated on March 3, 2009. At the times relevant hereto, Doyle was not registered under the KUSA in any capacity.
13. From approximately late 2014 through approximately October 2016, Doyle acted as an agent of Woodbridge Mortgage Investment Fund 3, LLC ("Woodbridge 3") in effecting the sale of a promissory note to a Kansas couple, for which Doyle received a commission.
14. At the time of the sale of the promissory note, the note was not registered as a security under the KUSA as required. Additionally, Doyle was not registered as an agent under the KUSA as required.

Woodbridge Investments

15. Woodbridge 3 was 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.

Doyle and the

Promissory Note

24. Doyle initially became aware of Woodbridge through an advertisement he saw on an online publication. Prior to recommending the Woodbridge promissory notes, Doyle contacted a Woodbridge representative and was assured the promissory notes were not securities.
25. \_\_\_\_\_ are Kansas residents. In October 2016, Doyle recommended that the \_\_\_\_\_ purchase a promissory note from Woodbridge 3. The \_\_\_\_\_ were clients of Doyle for approximately a year prior to this recommendation by Doyle, during which time Doyle provided the \_\_\_\_\_ financial advice.
26. On or about October 20, 2016, the \_\_\_\_\_ and Woodbridge 3 signed a promissory note (“Promissory Note”) and a loan agreement. Under the loan agreement, the \_\_\_\_\_ agreed to loan \$100,000 to Woodbridge 3. Under the Promissory Note, Woodbridge 3 promised to pay the \_\_\_\_\_ the principal amount of \$100,000 by December 1, 2017, plus monthly payments of interest at a rate of 5% per annum.
27. Before the commencement of the Woodbridge Entities’ bankruptcy, the \_\_\_\_\_ received a total of \$5,041.71 in interest payments from the Woodbridge Entities.
28. Doyle received a four percent commission, totaling \$4,000, from the Woodbridge Entities for his role in effecting the sale of the Promissory Note to the \_\_\_\_\_

29. During the times relevant hereto, Doyle was not registered under the KUSA as an agent of the Woodbridge Entities.
30. On November 29, 2018, the Corporations, Securities & Commercial Licensing Bureau of the Michigan Department of Licensing and Regulatory Affairs (“Michigan Securities Bureau”) issued an *Administrative Consent Agreement and Order* (“*Michigan Consent Order*”) against Doyle for violating the Michigan Uniform Securities Act, MCL 451.2101 *et seq.* The *Michigan Consent Order* stemmed from Doyle’s role in effecting the sale of Woodbridge promissory notes to numerous clients, including the \_\_\_\_\_, from his place of business in Michigan. Under the *Michigan Consent Order*, Doyle agreed to pay a civil penalty of \$3,000 to the Michigan Securities Bureau.

#### CONCLUSIONS OF LAW

31. The Commissioner has jurisdiction over Doyle and this matter.
32. The Promissory Note is a security as that term is defined in K.S.A. 17-12a102(28).
33. The Promissory Note is not a federal covered security, as that term is defined in K.S.A. 17-12a102(7), and is not exempt from registration under K.S.A. 17-12a201 through 17-12a203.
34. Doyle violated K.S.A. 17-12a301 by offering and selling the Promissory Note.
35. In effecting the sale of the Promissory Note, Doyle was an agent, as that term is defined in K.S.A. 17-12a102(2), of Woodbridge 3, and was not exempt from registration under K.S.A. 17-12a402(b).

36. Doyle violated K.S.A. 17-12a402 by transacting business in this state as an agent when Doyle was neither registered under the KUSA nor exempt from registration.

ORDER

**IT IS THEREFORE ORDERED** that Doyle shall pay a civil penalty in the amount of \$400.00. Payment shall be in the form of a cashier's check made payable to the "Office of the Kansas Securities Commissioner," and delivered to 1300 SW Arrowhead Road, Topeka, KS 66604. 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 27 day of January, 2020,



Jeffrey S. Wagaman  
*Kansas Securities Commissioner*







**NOTICE**

(1) A party to this action may petition the Commissioner for reconsideration within 15 days after service of a final order, following the procedures in K.S.A. 77-529. Under K.S.A. 77-528, a party may petition for a stay of effectiveness of this order until the time at which a petition for judicial review would no longer be timely.

(2) This decision may be subject to judicial review. The agency officer to receive service of a petition for judicial review on behalf of the Office of the Securities Commissioner is Jack Clayton Johnson, Chief Regulatory Counsel, at 109 SW 9th Street, Suite 600, Topeka, Kansas 66612

