

**STATE OF ILLINOIS
SECRETARY OF STATE
SECURITIES DEPARTMENT**

IN THE MATTER OF:

BEVERLY M. JOHNSON, an individual.

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)
) **File No. 1400270**
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)

CONSENT ORDER

To the Respondent:

Beverly M. Johnson
Care of:
John D. Kerr
Law Offices of John D. Kerr
The Trillium Building
6320 Canoga Avenue, Suite 675
Woodland Hills, CA 91367

WHEREAS, Beverly M. Johnson on the 19th day of June, 2015 executed a certain Stipulation to Enter into this Consent Order ("the Stipulation"), which hereby is incorporated by reference herein.

WHEREAS, by means of the Stipulation, Respondent Beverly M. Johnson has admitted to the jurisdiction of the Secretary of State, Securities Department, and has consented to the entry of this Consent Order.

WHEREAS, by means of the Stipulation, Beverly Johnson acknowledges and agrees that the following allegations shall be adopted as the Secretary of State's Findings of Fact:

BACKGROUND

The grounds for such proposed actions are as follows:

1. The League Company, Inc. (the "League Co.") was a Nevada Corporation with the last known address of 950 2nd Street, Suite 206, Santa Monica, CA 90403. The League Co. registration as a Nevada Corporation was permanently revoked on or around April 2007. The League Company, Inc. was established as a corporation which engaged in the business of making athletic shoes.

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2. On December 26, 2006, the State of California Business, Transportation and Housing Agency, Department of Corporations issued a Desist and Refrain Order against The League Company, Inc. and its principals ordering them to desist and refrain from offering or selling any security in the State of California.
3. The League, Inc. (the "League") was a Nevada Corporation, formed in or around April 2006, with the last known address of 1158 26th Street, Suite 532, Santa Monica, CA 90403 and purportedly replaced Respondent The League Company, Inc. The League's registration status is currently listed as revoked by the Nevada Secretary of State.
4. During the relevant time period of April 2011 to April 2012, Respondent Beverly M. Johnson ("Johnson"), a California resident, was listed as the Secretary, Treasurer, and Director of the League. After April 2012, Respondent Johnson was listed as the President, Treasurer, and Director of the League.
5. On March 12, 2015, the Illinois Secretary of State, Securities Department (the "Department") issued a Temporary Order of Prohibition temporarily prohibiting officers and representatives of the League Company, Inc and the League, Inc. from offering or selling securities in the State of Illinois. The Temporary Order also named officers, directors, and representatives of both entities, namely: Beverly Johnson, James E. Harris ("Harris"), Benjamin Jones, Jr. ("Jones"), and Terrence Duckette ("Duckette").
6. No request for a hearing was made by any entity or individual, therefore the Department issued a Final Order on April 24, 2015 permanently prohibiting Respondents from the offer or sale of securities in the State of Illinois.

Sale of Unregistered Securities

7. On or around October, 2011, Respondent Duckette was employed as a salesperson at the League, Inc.
8. Investor A, an Illinois resident, was a private individual with an interest in purchasing or trading securities in athletic shoe companies.
9. In or around October, 2011, on behalf of the League, Respondent Duckette offered to sell Investor A, along with three (3) other Illinois investors, stock in the League, Inc. on the premise that the League manufactured athletic (basketball) shoes that were expected to be endorsed by NBA athletes.
10. On October 6, 2011, Investor A made a check payable to the League in the amount of \$37,500 representing the purchase of 75,000 shares of stock purportedly at \$0.50 a share. The check was deposited into the League Inc.'s bank account.
11. On March 20, 2012, Investor A made a check payable to Benjamin Jones Jr. Client Trust Account in the amount of \$25,000 with a memo on the check stating "for League shares"

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representing the purchase of 50,000 shares of stock in the League, Inc. The check was deposited into Respondent Jones' attorney client trust account.

12. The offer or sale of investments in the League constitutes the offer and sale of a security as those terms are defined in Sections 2.1, 2.5, and 2.5a of the Act.
13. Section 5 of the Act requires the registration of a security being offered or sold in the State of Illinois unless an exemption applies.
14. Section 12.A of the Act states *inter alia* that it shall be a violation of this Act for any person to offer or sell any security except in accordance with the provisions of this Act.
15. Section 12.B of the Act states *inter alia* that it shall be a violation of the provisions of this Act for any person to deliver to a purchaser any security required to be registered under Section 5, Section 6, or Section 7 hereof unless accompanied or preceded by a prospectus that meets the requirements of the pertinent subsection of Section 5, Section 6, and Section 7.
16. The securities offered by Respondent Duckette on behalf of The League, Inc. have not been registered with the State of Illinois nor has any exemption filing been received by the Secretary of State regarding shares of stock in the League, Inc. Moreover, the League, Inc., nor any of its representatives, actually verified whether any of the Illinois investors were accredited.
17. Respondent Johnson as a Director and Officer of the League, Inc. failed to register the stock in Illinois or file any exemptions from registration before the securities were offered and sold to at least four known Illinois investors by the League, Inc.'s representative, Respondent Duckette.

Failure to Disclose

18. Paragraphs 1 through 17 are herein incorporated by reference.
19. As referenced above, that on December 26, 2006, the State of California Business, Transportation and Housing Agency, Department of Corporations issued a Desist and Refrain Order against The League Company, Inc. and its principals, Respondents Harris and Johnson, ordering them to desist and refrain from offering or selling any security in the State of California.
20. The Desist and Refrain Order was not disclosed to Investor A, nor any other of the three (3) Illinois investors by Respondents the League, Inc., Harris, Johnson, Jones, or Duckette before the Illinois investors purchased shares of stock in the League, Inc.
21. Respondent Johnson as a Director and Officer of the League Inc. failed to disclose the Desist and Refrain Order and failed to disclose that the stock offered by the League Inc. was not

registered with the State of Illinois before the Illinois investors purchased shares of stock in the League, Inc.

22. Section 12.G of the Illinois Securities Law of 1953, 815 ILCS 5/1 *et. seq.*, states that it shall be a violation of the provisions of the Act for any person to “obtain money or property through the sale of securities by means of any untrue statement of a material fact or any omission to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.”

CONCLUSIONS OF LAW

WHEREAS, by means of the Stipulation, Respondent Johnson has acknowledged and agreed that the following shall be adopted as the Secretary of State’s Conclusions of Law:

1. Illinois has jurisdiction over this matter pursuant to the Illinois Securities Law of 1953 [815 ILCS 5] (the “Act”);
2. Respondent acknowledges and agrees that she has violated Sections 12.A, 12.B, and 12.G of the Act;
3. WHEREAS, Respondent Johnson agrees to be prohibited from engaging in the offer and sale of securities in or from the State of Illinois;
4. WHEREAS, Respondent Johnson agrees to refrain from holding a position of Director or President of any limited liability company or corporation which offers or sells securities in or from the State of Illinois;
5. WHEREAS, Respondent Johnson agrees to a permanent bar from registering as a salesperson in the State of Illinois;
6. WHEREAS, Respondent Johnson agrees to cooperate with the Department, including but not limited to providing testimony, evidence, and assistance to the Department in any resulting actions. Moreover, Respondent Johnson agrees to waive any and all witness fees/costs in providing her testimony to the Department;
7. WHEREAS, this Consent Order supersedes any previous Temporary or Final Orders issued by the Illinois Secretary of State, Securities Department.

NOW IT IS HEREBY ORDERED THAT:

1. By means of the Stipulation, Respondent Johnson has acknowledged and agreed that she will be **PROHIBITED** from the offer and sale of securities in or from the State of Illinois.

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2. By means of the Stipulation, Respondent Johnson has acknowledged and agreed to refrain from holding a position of Director or President of any limited liability company or corporation which offers or sells securities in or from the State of Illinois;
3. By means of the Stipulation, Respondent Johnson has acknowledged and agreed that she will be **PROHIBITED** from registering as a salesperson in the State of Illinois;
4. By means of the Stipulation, Respondent Johnson has acknowledged and agreed that she will cooperate with the Department, including but not limited to providing testimony, evidence, and assistance to the Department in any resulting actions. Moreover, Respondent Johnson has acknowledged and agreed to waive any and all witness fees/costs in providing his testimony to the Department.
5. The entry of this Order ends the Secretary of State Securities Department's formal hearing of this matter as it relates to Respondent Beverly Johnson.

Delivery of this Order or any subsequent notice to the designated representative of any Respondent constitutes service upon such Respondent.

Dated: This 26th day of June, 2015.



JESSE WHITE
Secretary of State
State of Illinois

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NOTICE: Failure to comply with the terms of this Order shall be a violation of Section 12.D of the Act. Any person or entity who fails to comply with the terms of this Order of the Secretary of State, having knowledge of the existence of the Order shall be guilty of a Class 4 Felony.

This is a final order subject to administrative review pursuant to the Administrative Review Law, 735 ILCS 5/3 -101 et seq. and the Rules and Regulations of the Act (14 111. Admin. Code, Ch. I, Sec. 130.1123). Any action for judicial review must be commenced within thirty-five (35) days from the date a copy of this Order is served upon the party seeking review.