

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE
PROCEEDING File No. 321973

In the Matter of

NICOLE J. WALKER,

Respondent.

RESPONDENT' RESPONSE TO THE DIVISION OF ENFORCEMENT'S MOTION FOR
ENTRY OF ORDER OF DEFAULT AND REMEDIAL SANCTIONS

Nicole J. Walker (the "Respondent") respectfully submits this response to the Division of Enforcement's (the "Division") Motion for Entry of Order of Default and Remedial Sanctions. The Respondent acknowledges the seriousness of the allegations and the Securities and Exchange Commission (the "Commission") commitment to protecting investors and maintaining the integrity of the securities industry. However, the Respondent requests that the Commission consider the following arguments and facts before ruling on the Division's Motion.

I.

Failure to Respond to the Order Instituting Proceedings ("OIP"). In response to the Division's Motion, the Respondent understood the October 8th, 2024, deadline as relating solely to challenging the sufficiency of service of the OIP. The Respondent did not understand it to be a deadline for submitting a substantive response to the allegations. As a pro se Respondent unfamiliar with the legal framework, the Respondent was unaware of this obligation and would have promptly responded had this been clearly communicated. The failure to respond was not intentional but the result of a misunderstanding and constitutes excusable neglect.

It is important to note that, from the outset of these proceedings, the Respondent has actively and thoroughly responded to every request and requirement of the Commission. While represented by counsel, the Respondent consistently demonstrated a willingness to engage with the Commission in good faith, providing all requested information and addressing inquiries promptly.

However, the Respondent's prior legal counsel informed the Division that they were no longer representing the Respondent in this matter. Despite this notification, the Division continued to send documents and case-related communications to the Respondent's prior counsel. This misdirected

communication, combined with the Respondent's transition to pro se status, created procedural confusion and contributed to the misunderstanding regarding the OIP deadline. Such circumstances are precisely what courts and administrative bodies recognize as excusable neglect, as they were not the result of willful disregard or bad faith but of external procedural factors beyond the Respondent's control.

The Respondent is and has always been willing to cooperate fully with the Commission and to respond to all allegations. This misunderstanding should not overshadow the Respondent's demonstrated history of compliance and cooperation. Such procedural misunderstandings are not uncommon, particularly for pro se respondents who lack formal legal training and familiarity with the Commission's procedural rules. Courts and administrative bodies have recognized that severe sanctions, such as default judgments, should not be imposed lightly, particularly when ambiguities or misunderstandings regarding procedural obligations may have contributed to the default. These principles emphasize the importance of fairness and due process, which are core to the integrity of the adjudicative process.

Given these circumstances, the Respondent respectfully requests the Commission to recognize the impact of procedural ambiguity and miscommunication on pro se respondents and to afford an opportunity for the Respondent to fully address the allegations. Denying the default motion would uphold the principles of fairness and due process while ensuring that the Respondent's rights are protected.

II.

Impropriety of Introducing Scienter at This Stage. The Division's Motion introducing scienter at this stage as a basis for sanctions is procedurally improper and prejudicial. The initial Complaint did not allege scienter or fraud, and the Respondent was not given notice of or an opportunity to defend against such claims.

The Division attempts to infer scienter by asserting that the Respondent was aware of state regulatory orders prohibiting the sale of Woodbridge Group of Companies, LLC, d/b/a Woodbridge ("Woodbridge") offerings. However, this assertion fails to establish the requisite intent to deceive, manipulate, or defraud investors. Notably, the Division itself acknowledges that the Respondent has not been charged with fraud. Instead, the Division claims that the Respondent's conduct was "egregious" in connection with Woodbridge offerings.

This alleged behavior occurred solely in the narrow context of the Respondent's employment with Woodbridge. This alleged behavior occurred solely in the context of the Respondent's employment with Woodbridge, and there is no evidence of willful or fraudulent misconduct in connection with the specific allegations raised in this matter. Without a pattern of behavior or specific actions demonstrating intent to deceive or defraud, the Division's attempt to infer scienter is unsupported. Characterizing this isolated instance as egregious, particularly in the absence of fraud charges, is an unwarranted exaggeration that does not meet the evidentiary standard of preponderance of the evidence.

Moreover, scienter cannot be inferred merely from an individual's awareness of regulatory actions or compliance failures by their employer. Critically, the Respondent acted in their role as an employee of Woodbridge and relied in good faith on the guidance conveyed to them by Woodbridge, which was based on advice from internal and external legal counsel, including a written opinion from Sidley Austin LLP as well as others. The Respondent was informed by Woodbridge that such activities were permissible under applicable laws and acted accordingly in the course of their employment. Reliance on the advice of counsel, as conveyed to the Respondent through Woodbridge, is further evidence that the Respondent did

not act with fraudulent intent or recklessness but instead followed the guidance in provided to them by Woodbridge in good faith.

Even if scienter were relevant to the offenses alleged—which it is not—the Respondent relied in good faith on guidance provided by Woodbridge, which was based on qualified legal advice, thereby negating any assertion of intent to deceive or defraud. The Division has presented no direct or circumstantial evidence that the Respondent knowingly violated securities laws. Reliance on circumstantial evidence, without corroborating proof of intent, is insufficient to establish scienter, even under the relaxed evidentiary rules of Administrative Proceedings.

Introducing scienter in a non-fraud-based case involving strict liability or negligence claims retroactively shifts the legal framework of the proceeding, creating a prejudicial burden on the Respondent. The Commission should disregard any allegations or implications of scienter in this matter, as they are irrelevant to the registration violations alleged in the OIP and unsupported by the evidence presented.

For these reasons, the Respondent respectfully requests that the Commission reject the Division's claims of scienter, as they lack evidentiary support and are procedurally improper in this context.

III.

Addressing the Likelihood of Future Violations. The Division asserts that the Respondent remains active in raising investor funds through other entities, allegedly presenting a risk of future harm to investors. However, this claim lacks credible evidence and fails to meet the Division's burden of proof. The Respondent respectfully contends that such allegations are outdated, unsupported, and fail to account for the context and proactive steps taken to ensure compliance.

First, it is critical to note that there are no allegations of fraud or scienter at the federal level. The violations at issue are technical in nature and stem from the Respondent's association with their former employer, Woodbridge. The Division's attempt to imply future violations ignores the fact that the alleged misconduct was isolated to a single, specific context. The broader violations attributed to Woodbridge's management were beyond the Respondent's control and knowledge. The Respondent would have never knowingly or intentionally acted in violation of registration or current laws in the egregious manner demonstrated by Woodbridge's management.

Second, the likelihood of future violations is nonexistent. Woodbridge has been permanently shut down, and the Respondent no longer has any association with its activities. There is no risk of continuation of any past conduct. Furthermore, upon realizing that a regulatory bar—temporary or otherwise—might be imposed, the Respondent took immediate action to dissolve all relevant entities and to cease any related activities. These steps demonstrate the Respondent's good faith commitment to compliance and investor protection.

Third, while the Respondent acknowledges past regulatory oversights, it is important to contextualize them. The Respondent did not engage in repeated or willful violations but instead acted in good faith while fulfilling their professional obligations. Hindsight has provided the Respondent with invaluable perspective, and they affirm that they would have acted differently with the knowledge they now possess. This demonstrates growth, accountability, and an absence of any reasonable risk of recurrence.

Fourth, sanctions must be proportional to the demonstrated risk or harm. A single, isolated regulatory oversight—absent any fraud or intent to deceive—does not justify the imposition of severe sanctions, such as an associational bar. While ongoing, willful, or fraudulent misconduct over several years may warrant harsher penalties, that is not the case here. The Respondent's actions were limited to a narrow set of circumstances tied to Woodbridge, and those circumstances no longer exist.

For these reasons, the Division's claims of future risk are speculative, unsupported by evidence, and inconsistent with the facts of this case. The Respondent respectfully requests that the Commission reject the Division's assertions and deny the requested sanctions.

IV.

Weakened Public Interest Conclusion. The Division's argument that an associational bar serves the public interest is fundamentally flawed and unsupported by the evidence. The Division relies on speculative assertions of ongoing activity and improperly characterizes the Respondent's conduct as egregious, despite acknowledging the absence of any fraud charges. When viewed in context and in light of the facts outlined in Sections I, II, and III, the Division's claims fail to demonstrate that severe sanctions are necessary to protect the public interest.

First, as established in **Section II**, the Division attempts to infer scienter by pointing to the Respondent's knowledge of state regulatory orders issued by Massachusetts, Texas, and Arizona prohibiting the sale of Woodbridge offerings. As established in *Hall v. Geiger-Jones Co.*, 242 U.S. 539 (1917), state securities laws—commonly referred to as 'blue sky laws'—are jurisdiction-specific, and each state retains the authority to regulate the offer and sale of securities within its boundaries. While *Hall* is a foundational case, the principles it articulated remain widely accepted as the legal framework governing state-level securities regulation. There is no subsequent precedent that undermines or negates this principle. Accordingly, the Division's attempt to impute scienter to the Respondent based on actions tied to individual state orders fails to account for the jurisdictional nature of these laws.

At the time of the alleged violations, there was no federal prohibition or nationwide directive prohibiting the sale of Woodbridge offerings. The Respondent's understanding that Woodbridge offerings could still be offered in states such as Missouri—where no similar orders had been issued—was therefore not unreasonable. Additionally, when the Respondent was notified of any state prohibiting Woodbridge offerings, they immediately ceased all business activities in that state that were subject to the regulatory order, following direct orders from their employer, Woodbridge. This demonstrates the Respondent's good faith compliance and adherence to directives issued by their employer, further negating any assertion of intent to violate state laws. The Division's attempt to infer scienter based partially on the Respondent's knowledge of state-specific orders is speculative and unsupported by any direct evidence of fraudulent intent. This further weakens their assertion that the Respondent poses a risk of future violations.

Second, as outlined in **Section III**, there is no likelihood of future violations. Woodbridge, the Respondent's former employer, has been permanently closed. Additionally, the Respondent dissolved all relevant entities in anticipation of a regulatory bar—temporary or otherwise—as a precautionary measure to demonstrate compliance and bona fides. This demonstrates the Respondent's commitment to public interest.

Third, the public interest is best served by proportionality and fairness in regulatory enforcement. Severe sanctions, such as a permanent associational bar, are appropriate only where there is clear and convincing

evidence of willful or ongoing misconduct. Here, the Respondent's conduct—limited to technical violations within the scope of employment at Woodbridge—does not rise to the level of egregiousness warranting such a severe remedy. The Division's reliance on unsubstantiated claims of future harm, combined with its mischaracterization of jurisdiction-specific regulatory actions, fails to justify an associational bar.

For these reasons, the Respondent respectfully requests that the Commission deny the Division of Enforcement's Motion for Entry of Order of Default and Remedial Sanctions. Alternatively, if the Commission deems any sanctions appropriate, the Respondent requests that they be limited and proportional, such as a temporary bar, rather than a severe associational bar.

The Respondent remains committed to engaging with the Commission in good faith to resolve this matter fairly and respectfully.

V.

Formal Request. The Respondent respectfully request that the Commission:

- Deny the Division of Enforcement's Motion for Entry of Order of Default and Remedial Sanctions.
- Alternatively, consider a lesser sanction in light of the procedural and factual issues raised.

The Respondent reaffirms their commitment to engaging with the Commission in bona fides to resolve this matter fairly and thoroughly, as demonstrated from the outset of these proceedings through consistent and active cooperation. From the beginning of these proceedings, the Respondent has promptly provided all requested information, and addressed inquiries fully and transparently—both while represented by prior counsel and, with the exception of excusable neglect, now as a pro se respondent.

Respectfully Submitted,

A black rectangular redaction box covering the signature of Nicole J. Walker.

Nicole J. Walker
Respondent