

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 91020 / January 29, 2021

ADMINISTRATIVE PROCEEDING
File No. 3-20212

In the Matter of

**ANTHONY TODD
JOHNSON,**

Respondent.

**ORDER INSTITUTING
ADMINISTRATIVE PROCEEDINGS
PURSUANT TO SECTION 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934,
MAKING FINDINGS, AND IMPOSING
REMEDIAL SANCTIONS**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative proceedings be, and hereby are, instituted pursuant to Section 15(b) of the Securities Exchange Act of 1934 (“Exchange Act”) against Anthony Todd Johnson (“Todd Johnson” or “Respondent”).

II.

In anticipation of the institution of these proceedings, Respondent has submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over it and the subject matter of these proceedings and the findings contained in paragraph III.2 below, which are admitted, Respondent consents to the entry of this Order Instituting Administrative Proceedings Pursuant to Section 15(b) of the Securities Exchange Act of 1934, Making Findings, and Imposing Remedial Sanctions (“Order”), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds that

1. Todd Johnson, age 52, resides in Winchester, California. At all relevant times he was a managing member and the chief executive officer of Smart Initiatives, LLC ("Smart Initiatives"), Valley View Enterprises LLC ("Valley View), Target Equity LLC ("Target Equity"), Zabala Farms Group LLC ("ZFG"), GPA Enterprises LLC ("GPA") (the "Issuers), and Green Bud Initiatives LLC ("GBI Marketing") (collectively, the "Entities"), and a managing member and chief revenue officer of C-Quadrant LLC ("C-Quadrant"), each of which were California limited liability companies with their principal place of business in Temecula, California. Neither Todd Johnson, the Entities, GBI Marketing, nor C-Quadrant, has ever been registered with the Commission in any capacity.

2. On January 28, 2021, a judgment was entered by consent against Todd Johnson and permanently enjoining him from future violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 ("Securities Act"), Sections 10(b) and Section 15(a) of the Exchange Act, and Rule 10b-5 thereunder, in the civil action entitled *Securities and Exchange Commission v. Smart Initiatives, LLC, et al.*, Civil Action Number 20-cv-01493-MCS-SHK, in the United States District Court for the Central District of California.

3. The Commission's complaint alleged that between September 2017 and February 2019, Todd Johnson, together with his brother Jeremy Johnson (collectively, "the Johnsons"), created, managed and controlled the Issuers, and both individually and through GBI Marketing, acted as unregistered broker-dealers in soliciting prospective investors to invest in the Issuers's and C-Quadrant's unregistered securities offerings. Those securities were offered in the form of membership units, for the stated purpose of investing in and developing a newly established and licenced marijuana farm located in Salinas, California and/or C-Quadrant's startup cannibidiol extraction facility, also located in Salinas, California. The complaint alleges that the Johnsons and GBI Marketing raised approximately \$20 million from over 300 investors in connection with the Issuers's and C-Quadrant's securities offerings. In doing so, the complaint alleged the Johnsons misled and deceived investors regarding their compensation and misappropriated at least \$2.7 million of investor funds, contrary to representations regarding the use of proceeds in the Issuers's private placement memoranda. In all their offerings – Smart Initiatives, Valley View, Target Equity, ZFG, C-Quadrant and GPA – the Johnsons also deceived investors and made material misrepresentations and omissions to investors regarding expected returns on investment, promising guaranteed annual returns of 100, 150 or 200 percent, depending on the offering. The complaint further alleged, among other things, that the Johnsons, together with Gregory, falsely described the use of proceeds of a \$2.9 million business loan, that was secured by C-Quadrant's real property, that would purportedly be used to develop C-Quadrant's business, but was in fact used to pay off investors in an unrelated entity.

IV.

In view of the foregoing, the Commission deems it appropriate and in the public interest to impose the sanctions agreed to in Respondent's Offer.

Pursuant to Section 15(b)(6) of the Exchange Act, Respondent Todd Johnson be, and hereby is:

barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and

barred from participating in any offering of a penny stock, including: acting as a promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance or trading in any penny stock, or inducing or attempting to induce the purchase or sale of any penny stock.

Any reapplication for association by the Respondent will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, compliance with the Commission's order and payment of any or all of the following: (a) any disgorgement or civil penalties ordered by a Court against the Respondent in any action brought by the Commission; (b) any disgorgement amounts ordered against the Respondent for which the Commission waived payment; (c) any arbitration award related to the conduct that served as the basis for the Commission order; (d) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (e) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

By the Commission.

Vanessa A. Countryman
Secretary