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7 **UNITED STATES DISTRICT COURT**
CENTRAL DISTRICT OF CALIFORNIA

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9 **SECURITIES AND EXCHANGE**
COMMISSION,

10 **Plaintiff,**

11 **vs.**

12 **CALPACIFIC EQUITY GROUP, LLC,**

13 **Defendant.**

Case No. 14-5754 JFW (AGR~~x~~)

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15 **FINAL JUDGMENT OF PERMANENT INJUNCTION AND OTHER**
RELIEF AS TO DEFENDANT CALPACIFIC EQUITY GROUP, LLC

16 The Securities and Exchange Commission having filed a Complaint, and
17 Defendant CalPacific Equity Group, LLC (“CalPacific”) having entered a general
18 appearance; consented to the Court’s jurisdiction over it and over the subject matter
19 of this action; consented to entry of this Final Judgment without admitting or
20 denying the allegations of the Complaint (except as to subject matter and personal
21 jurisdiction and except as otherwise provided herein in Section VI); waived findings
22 of fact and conclusions of law; and waived any right to appeal from this Final
23 Judgment:
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27 **I.**

28 **SECTION 10(b) AND RULE 10b-5 OF THE**

1 participation with them who receive actual notice of this Final Judgment by personal
2 service or otherwise are permanently restrained and enjoined from violating Section
3 17(a) of the Securities Act of 1933 (the “Securities Act”) [15 U.S.C. § 77q(a)] in the
4 offer or sale of any security by the use of any means or instruments of transportation
5 or communication in interstate commerce or by use of the mails, directly or
6 indirectly:
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- 8 (a) to employ any device, scheme, or artifice to defraud;
- 9 (b) to obtain money or property by means of any untrue statement of a
10 material fact or any omission of a material fact necessary in order to
11 make the statements made, in light of the circumstances under which
12 they were made, not misleading; or
- 13 (c) to engage in any transaction, practice, or course of business which
14 operates or would operate as a fraud or deceit upon the purchaser.
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18 III.

19 SECTION 15(a) OF THE EXCHANGE ACT

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21 **IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that
22 CalPacific and its agents, servants, employees, attorneys, representatives, and those
23 persons in active concert or participation with them, and each of them, are hereby
24 retrained and enjoined from violating, directly or indirectly, Section 15(a) of the
25 Exchange Act [15 U.S.C. § 78o] by making use of the mails or any means or
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1 instrumentality of interstate commerce to effect any transactions in, or to induce or
2 attempt to induce the purchase or sale of, any security (other than an exempted
3 security or commercial paper, bankers' acceptances, or commercial bills) unless such
4 broker or dealer is registered with the Commission.
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7 **IV.**

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9 **SECTION 5(a) AND 5(c) OF THE SECURITIES ACT**

10 **IT IS FURTHER ORDERED AND ADJUDGED** that CalPacific and its
11 agents, servants, employees, attorneys, representatives and all persons in active
12 concert or participation with them who receive actual notice of this Final Judgment
13 by personal service or otherwise are permanently restrained and enjoined from
14 violating Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. § 77e] by, directly
15 or indirectly, in the absence of any applicable exemption:
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- 18 (a) Unless a registration statement is in effect as to a security, making use
19 of any means or instruments of transportation or communication in
20 interstate commerce or of the mails to sell such security through the use
21 or medium of any prospectus or otherwise;
22
23 (b) Unless a registration statement is in effect as to a security, carrying or
24 causing to be carried through the mails or in interstate commerce, by
25 any means or instruments of transportation, any such security for the
26 purpose of sale or for delivery after sale; or
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1 (c) Making use of any means or instruments of transportation or
2 communication in interstate commerce or of the mails to offer to sell or
3 offer to buy through the use or medium of any prospectus or otherwise
4 any security, unless a registration statement has been filed with the
5 Commission as to such security, or while the registration statement is
6 the subject of a refusal order or stop order or (prior to the effective date
7 of the registration statement) any public proceeding or examination
8 under Section 8 of the Securities Act [15 U.S.C. § 77h].
9

11 **V.**

12 **PAYMENT OF DISGORGEMENT, PREJUDGMENT INTEREST AND**
13 **A CIVIL PENALTY**

14 **IT IS FURTHER ORDERED AND ADJUDGED** that CalPacific is liable
15 for disgorgement of \$306,013 representing profits gained as a result of the conduct
16 alleged in the Complaint, together with prejudgment interest of \$10,890.74, and a
17 civil penalty of \$306,013 pursuant to Section 20(d) of the Securities Act [15 U.S.C.
18 § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)]. CalPacific
19 shall satisfy this obligation by paying \$622,916.74 to the Securities and Exchange
20 Commission within 14 days after entry of this Final Judgment.
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23 CalPacific may transmit payment electronically to the Commission, which
24 will provide detailed ACH transfer/Fedwire instructions upon request. Payment
25 may also be made directly from a bank account via Pay.gov through the SEC website
26 at <http://www.sec.gov/about/offices/ofm.htm>. CalPacific may also pay by certified
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1 The Commission may propose a plan to distribute the Fund subject to the
2 Court's approval. Such a plan may provide that the Fund shall be distributed
3 pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of
4 2002. The Court shall retain jurisdiction over the administration of any distribution
5 of the Fund. If the Commission staff determines that the Fund will not be
6 distributed, the Commission shall send the funds paid pursuant to this Final
7 Judgment to the United States Treasury.
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10 Regardless of whether any such Fair Fund distribution is made, amounts
11 ordered to be paid as civil penalties pursuant to this Judgment shall be treated as
12 penalties paid to the government for all purposes, including all tax purposes. To
13 preserve the deterrent effect of the civil penalty, CalPacific shall not, after offset or
14 reduction of any award of compensatory damages in any Related Investor Action
15 based on CalPacific's payment of disgorgement in this action, argue that it is entitled
16 to, nor shall it further benefit by, offset or reduction of such compensatory damages
17 award by the amount of any part CalPacific's payment of a civil penalty in this
18 action ("Penalty Offset"). If the court in any Related Investor Action grants such a
19 Penalty Offset, CalPacific shall, within 30 days after entry of a final order granting
20 the Penalty Offset, notify the Commission's counsel in this action and pay the
21 amount of the Penalty Offset to the United States Treasury or to a Fair Fund, as the
22 Commission directs. Such a payment shall not be deemed an additional civil penalty
23 and shall not be deemed to change the amount of the civil penalty imposed in this
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1 Judgment. For purposes of this paragraph, a “Related Investor Action” means a
2 private damages action brought against CalPacific by or on behalf of one or more
3 investors based on substantially the same facts as alleged in the Complaint in this
4 action.
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6 CalPacific shall not seek or accept, directly or indirectly, reimbursement or
7 indemnification from any source, including but not limited to payment made
8 pursuant to any insurance policy, with regard to any civil penalty amounts that
9 CalPacific pays pursuant to the Final Judgment, regardless of whether such penalty
10 amounts or any part thereof are added to a distribution fund or otherwise used for the
11 benefit of investors. CalPacific shall not claim, assert, or apply for a tax deduction
12 or tax credit with regard to any federal, state, or local tax for any penalty amounts
13 that CalPacific pays pursuant to the Final Judgment, regardless of whether such
14 penalty amounts or any part thereof are added to a distribution fund or otherwise
15 used for the benefit of investors.
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19 **VI.**

20 **BANKRUPTCY NONDISCHARGEABILITY**

21 **IT IS FURTHER ORDERED AND ADJUDGED** that, solely for purposes
22 of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11
23 U.S.C. §523, the allegations in the complaint are true and admitted by CalPacific,
24 and further, any debt for disgorgement, prejudgment interest, civil penalty or other
25 amounts due by CalPacific under this Final Judgment or any other judgment, order,
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1 consent order, decree or settlement agreement entered in connection with this
2 proceeding, is a debt for the violation by CalPacific of the federal securities laws or
3 any regulation or order issued under such laws, as set forth in Section 523(a)(19) of
4 the Bankruptcy Code, 11 U.S.C. §523(a)(19).
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7 **VII.**

8 **RETENTION OF JURISDICTION**

9 **IT IS FURTHER ORDERED AND ADJUDGED** that this Court shall retain
10 jurisdiction of this matter for the purposes of enforcing the terms of this Final
11 Judgment.
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13 **VIII.**

14 **RULE 54(b)**

15 There being no just reason for delay, pursuant to Rule 54(b) of the Federal
16 Rules of Civil Procedure, the Clerk is ordered to enter this Final Judgment forthwith
17 and without further notice.
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19 **DONE AND ORDERED** this 25th day of July, 2014.
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21 
22 **UNITED STATES DISTRICT JUDGE**

23 Copies:
24 All Counsel of Record
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