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9 **UNITED STATES DISTRICT COURT**
 10 **CENTRAL DISTRICT OF CALIFORNIA**

11 **SECURITIES AND EXCHANGE**
 12 **COMMISSION,**

13 Plaintiff,

14 vs.

15 JAY BELSON, SMARTE REAL
 16 ESTATE INVESTMENTS, INC.,
 JACK ROCKMAN, LLC, JOHN
 17 BLACKSTONE, LLC, RESIDENCE
 AT ST. IVES, LLC, AND BELLAGIO
 18 PLACE RESIDENCE, LLC,

19 Defendants.

Case No. CV 17-5953 PA (KSx)

FINAL JUDGMENT AS TO
DEFENDANT JOHN BLACKSTONE,
LLC

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1 The Securities and Exchange Commission having filed a Complaint and
2 Defendant John Blackstone, LLC, having entered a general appearance; consented to
3 the Court's jurisdiction over Defendant and the subject matter of this action;
4 consented to entry of this Final Judgment without admitting or denying the
5 allegations of the Complaint (except as to jurisdiction and except as otherwise
6 provided herein in paragraph VI); waived findings of fact and conclusions of law; and
7 waived any right to appeal from this Final Judgment:

8 **I.**

9 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant is
10 permanently restrained and enjoined from violating, directly or indirectly, Section
11 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. §
12 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], by using
13 any means or instrumentality of interstate commerce, or of the mails, or of any
14 facility of any national securities exchange, in connection with the purchase or sale of
15 any security:

- 16 (a) to employ any device, scheme, or artifice to defraud;
- 17 (b) to make any untrue statement of a material fact or to omit to state
18 a material fact necessary in order to make the statements made, in
19 the light of the circumstances under which they were made, not
20 misleading; or
- 21 (c) to engage in any act, practice, or course of business which
22 operates or would operate as a fraud or deceit upon any person.

23 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
24 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
25 binds the following who receive actual notice of this Final Judgment by personal
26 service or otherwise: (a) Defendant's officers, agents, servants, employees, and
27 attorneys; and (b) other persons in active concert or participation with Defendant or
28 with anyone described in (a).

1 **II.**

2 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
3 Defendant is permanently restrained and enjoined from violating Section 17(a) of the
4 Securities Act of 1933 (the “Securities Act”) [15 U.S.C. § 77q(a)] in the offer or sale
5 of any security by the use of any means or instruments of transportation or
6 communication in interstate commerce or by use of the mails, directly or indirectly:

- 7 (a) to employ any device, scheme, or artifice to defraud;
8 (b) to obtain money or property by means of any untrue statement of a
9 material fact or any omission of a material fact necessary in order
10 to make the statements made, in light of the circumstances under
11 which they were made, not misleading; or
12 (c) to engage in any transaction, practice, or course of business which
13 operates or would operate as a fraud or deceit upon the purchaser.

14 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
15 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
16 binds the following who receive actual notice of this Final Judgment by personal
17 service or otherwise: (a) Defendant’s officers, agents, servants, employees, and
18 attorneys; and (b) other persons in active concert or participation with Defendant or
19 with anyone described in (a).

20 **III.**

21 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
22 Defendant is liable, jointly and severally with Defendants Smarte Real Estate
23 Investments, Inc., Jack Rockman, LLC, Residences at St. Ives, LLC, Bellagio Place
24 Residence, LLC, and Jay Belson, for disgorgement of \$1,824,872.04, representing
25 profits gained as a result of the conduct alleged in the Complaint, together with
26 prejudgment interest thereon in the amount of \$73,993.52, for a total of
27 \$1,898,865.56. Defendant shall satisfy this obligation by paying \$1,898,865.56 to the
28 Securities and Exchange Commission within 14 days after entry of this Final

1 Judgment.

2 Defendant may transmit payment electronically to the Commission, which will
3 provide detailed ACH transfer/Fedwire instructions upon request. Payment may also
4 be made directly from a bank account via Pay.gov through the SEC website at
5 <http://www.sec.gov/about/offices/ofm.htm>. Defendant may also pay by certified
6 check, bank cashier's check, or United States postal money order payable to the
7 Securities and Exchange Commission, which shall be delivered or mailed to

8 Enterprise Services Center
9 Accounts Receivable Branch
6500 South MacArthur Boulevard
10 Oklahoma City, OK 73169

11 and shall be accompanied by a letter identifying the case title, civil action number,
12 and name of this Court; John Blackstone, LLC as a defendant in this action; and
13 specifying that payment is made pursuant to this Final Judgment.

14 Defendant shall simultaneously transmit photocopies of evidence of payment
15 and case identifying information to the Commission's counsel in this action. By
16 making this payment, Defendant relinquishes all legal and equitable right, title, and
17 interest in such funds and no part of the funds shall be returned to Defendant.

18 The Commission shall hold the funds (collectively, the "Fund") and may
19 propose a plan to distribute the Fund subject to the Court's approval. The Court shall
20 retain jurisdiction over the administration of any distribution of the Fund. If the
21 Commission staff determines that the Fund will not be distributed, the Commission
22 shall send the funds paid pursuant to this Final Judgment to the United States
23 Treasury.

24 The Commission may enforce the Court's judgment for disgorgement and
25 prejudgment interest by moving for civil contempt (and/or through other collection
26 procedures authorized by law) at any time after 14 days following entry of this Final
27 Judgment. Defendant shall pay post judgment interest on any delinquent amounts
28 pursuant to 28 U.S.C. § 1961.

1 **IV.**

2 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant
3 shall pay a civil penalty in the amount of \$905,353 to the Securities and Exchange
4 Commission pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and
5 Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3). Defendant shall make
6 this payment within 14 days after entry of this Final Judgment.

7 Defendant may transmit payment electronically to the Commission, which will
8 provide detailed ACH transfer/Fedwire instructions upon request. Payment may also
9 be made directly from a bank account via Pay.gov through the SEC website at
10 <http://www.sec.gov/about/offices/ofm.htm>. Defendant may also pay by certified
11 check, bank cashier's check, or United States postal money order payable to the
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21 and case identifying information to the Commission's counsel in this action. By
22 making this payment, Defendant relinquishes all legal and equitable right, title, and
23 interest in such funds and no part of the funds shall be returned to Defendant. The
24 Commission shall send the funds paid pursuant to this Final Judgment to the United
25 States Treasury. Defendant shall pay post-judgment interest on any delinquent
26 amounts pursuant to 28 USC § 1961.

27 **V.**


28 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the
Consent is incorporated herein with the same force and effect as if fully set forth

1 herein, and that Defendant shall comply with all of the undertakings and agreements
2 set forth therein.

3 **VI.**

4 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court
5 shall retain jurisdiction of this matter for the purposes of enforcing the terms of this
6 Final Judgment.

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8 Dated: August 14, 2017


UNITED STATES DISTRICT JUDGE

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