

1 DOUGLAS M. MILLER (Cal. Bar No. 240398)  
 Email: millerdou@sec.gov  
 2 DAVID S. BROWN (Cal. Bar No. 134569)  
 Email: browndav@sec.gov  
 3

4 Attorneys for Plaintiff  
 Securities and Exchange Commission  
 5

Joseph G. Sansone, Unit Chief (Market Abuse Unit)  
 6 New York Regional Office  
 200 Vesey Street, Suite 400  
 7 New York, New York 10281

8 Robert A. Cohen, Unit Chief (Cyber Unit)  
 Headquarters  
 9 100 F Street, N.E.  
 Washington, District of Columbia 20549  
 10

Michele Wein Layne, Regional Director  
 11 Amy J. Longo, Regional Trial Counsel  
 444 S. Flower Street, Suite 900  
 12 Los Angeles, California 90071  
 Telephone: (323) 965-3998  
 13 Facsimile: (213) 443-1904

14 **UNITED STATES DISTRICT COURT**  
 15 **CENTRAL DISTRICT OF CALIFORNIA**  
 16 **Western Division**

17  
 18 SECURITIES AND EXCHANGE  
 COMMISSION,

19 Plaintiff,

20 vs.

21 TITANIUM BLOCKCHAIN  
 22 INFRASTRUCTURE SERVICES,  
 INC.; EHI INTERNETWORK AND  
 23 SYSTEMS MANAGEMENT, INC.  
 aka EHI-INSM, INC.; and MICHAEL  
 24 ALAN STOLLERY aka MICHAEL  
 STOLLAIRE,

25 Defendants.  
 26

Case No. CV18-4315-DSF (JPRx)

**JUDGMENT AS TO DEFENDANT  
 MICHAEL ALAN STOLLERY, aka  
 MICHAEL STOLLAIRE**



1 II.

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

- 7
- 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 material fact or  
10 any omission of a material fact necessary in order to make the statements made, in light of  
11 the circumstances under which they were made, not misleading; or
  - 12 (c) to engage in any transaction, practice, or course of business which operates or  
13 would operate as a fraud or deceit upon the purchaser.
- 14

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

20 III.

21 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is  
22 permanently restrained and enjoined from violating Section 5 of the Securities Act [15 U.S.C. §  
23 77e] by, directly or indirectly, in the absence of any applicable exemption:

- 24
- 25 (a) Unless a registration statement is in effect as to a security, making use of any means  
26 or instruments of transportation or communication in interstate commerce or of the  
27 mails to sell such security through the use or medium of any prospectus or otherwise;
- 28

- 1 (b) Unless a registration statement is in effect as to a security, carrying or causing to be  
2 carried through the mails or in interstate commerce, by any means or instruments of  
3 transportation, any such security for the purpose of sale or for delivery after sale; or  
4 (c) Making use of any means or instruments of transportation or communication in  
5 interstate commerce or of the mails to offer to sell or offer to buy through the use or  
6 medium of any prospectus or otherwise any security, unless a registration statement  
7 has been filed with the Commission as to such security, or while the registration  
8 statement is the subject of a refusal order or stop order or (prior to the effective date  
9 of the registration statement) any public proceeding or examination under Section 8  
10 of the Securities Act [15 U.S.C. § 77h].  
11

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

18 IV.

19 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant is permanently  
20 restrained and enjoined from directly or indirectly, including, but not limited to, through any entity  
21 owned or controlled by Defendant, participating in the offering of digital or other securities,  
22 provided, however, that such injunction shall not prevent Defendant from purchasing or selling  
23 digital or other securities for himself or his own personal account.  
24

25 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal  
26 Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive  
27 actual notice of this Final Judgment by personal service or otherwise: (a) Defendant's officers,  
28

1 agents, servants, employees, and attorneys; and (b) other persons in active concert or participation  
2 with Defendant or with anyone described in (a).

3  
4 V.

5 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant  
6 shall pay disgorgement of ill-gotten gains, prejudgment interest thereon, and a civil penalty pursuant  
7 to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act  
8 [15 U.S.C. § 78u(d)(3)]. The Court shall determine the amounts of the disgorgement and civil  
9 penalty upon motion of the Commission. Prejudgment interest shall be calculated from November  
10 2017, based on the rate of interest used by the Internal Revenue Service for the underpayment of  
11 federal income tax as set forth in 26 U.S.C. § 6621(a)(2). In connection with the Commission's  
12 motion for disgorgement and/or civil penalties, and at any hearing held on such a motion: (a)  
13 Defendant will be precluded from arguing that he did not violate the federal securities laws as  
14 alleged in the Complaint; (b) Defendant may not challenge the validity of the Consent or this Final  
15 Judgment; (c) solely for the purposes of such motion, the allegations of the Complaint shall be  
16 accepted as and deemed true by the Court; and (d) the Court may determine the issues raised in the  
17 motion on the basis of affidavits, declarations, excerpts of sworn deposition or investigative  
18 testimony, and documentary evidence, without regard to the standards for summary judgment  
19 contained in Rule 56(c) of the Federal Rules of Civil Procedure. In connection with the  
20 Commission's motion for disgorgement and/or civil penalties, the parties may take discovery,  
21 including discovery from appropriate non-parties.  
22  
23

24 VI.

25 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Consent is  
26 incorporated herein with the same force and effect as if fully set forth herein, and that Defendant  
27 shall comply with all of the undertakings and agreements set forth therein.  
28

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

VII.

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

VIII.

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

Dated: May 14, 2019



Dale S. Fischer  
United States District Judge