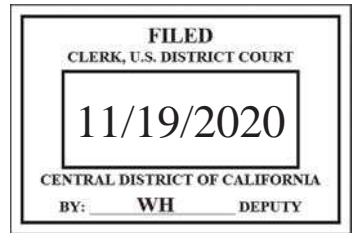


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8
 9 **UNITED STATES DISTRICT COURT**
 10 **CENTRAL DISTRICT OF CALIFORNIA**

11
 12 **SECURITIES AND EXCHANGE**
 13 **COMMISSION,**
 14 **Plaintiff,**
 15 **vs.**
 16 **CRAIG RUMBAUGH,**
 17 **RUMBAUGH FINANCIAL, INC,**
 18 **AND DESERT STRATEGIC**
 19 **EQUITY, LLC,**
 20 **Defendants.**

Case No. CV 5:19-CV-01517 -PSG
~~[PROPOSED]~~ FINAL JUDGMENT AS
TO DEFENDANT DESERT
STRATEGIC EQUITY, LLC

1 The Securities and Exchange Commission having filed a Complaint and
2 Defendant Desert Strategic Equity, LLC having entered a general appearance;
3 consented to the Court’s jurisdiction over Defendant and the subject matter of this
4 action; 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 VII); waived findings of fact and conclusions of law;
7 and 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 Sections 206(1) and (2) of the
11 Advisers Act [15 U.S.C. §§ 80b-6(1) & 80b-6(2)], by directly or indirectly:

12 1. employing any device, scheme or artifice to defraud any client or
13 prospective client; and

14 2. engaging in any transaction, practice, or course of business which
15 operates or would operate as a fraud or deceit upon any client or prospective client;

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

22 II.

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

28 (a) to employ any device, scheme, or artifice to defraud;

1 (b) to obtain money or property by means of any untrue statement of a
2 material fact or any omission of a material fact necessary in order to
3 make the statements made, in light of the circumstances under which
4 they were made, not misleading; or

5 (c) to engage in any transaction, practice, or course of business which
6 operates or would operate as a fraud or deceit upon the purchaser.

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

13 III.

14 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant is
15 permanently restrained and enjoined from violating, directly or indirectly, Section
16 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) [15 U.S.C. §
17 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], by using
18 any means or instrumentality of interstate commerce, or of the mails, or of any
19 facility of any national securities exchange, in connection with the purchase or sale of
20 any security:

21 (a) to employ any device, scheme, or artifice to defraud;

22 (b) to make any untrue statement of a material fact or to omit to state a
23 material fact necessary in order to make the statements made, in the light
24 of the circumstances under which they were made, not misleading; or

25 (c) to engage in any act, practice, or course of business which operates or
26 would operate as a fraud or deceit upon any person.

27 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
28 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also

1 binds the following who receive actual notice of this Final Judgment by personal
2 service or otherwise: (a) Defendant's officers, agents, servants, employees, and
3 attorneys; and (b) other persons in active concert or participation with Defendant or
4 with anyone described in (a).

5 IV.

6 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant
7 and his agents, servants, employees, attorneys, and all persons in active concert or
8 participation with them who receive actual notice of this Judgment by personal
9 service or otherwise are permanently restrained and enjoined from violating, directly
10 or indirectly, Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a), which makes it
11 unlawful for any broker or dealer which is either a person other than a natural person
12 or a natural person, to make use of the mails or any means or instrumentality of
13 interstate commerce to effect any transactions in, or to induce or attempt to induce the
14 purchase or sale of, any security (other than an exempted security or commercial
15 paper, bankers' acceptances, or commercial bills) unless such broker or dealer is
16 registered in accordance with Section 15(b) of the Exchange Act, 15 U.S.C. § 78o(b).

17 V.

18 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
19 Defendant is liable, jointly and severally with Defendants Craig Rumbaugh and
20 Rumbaugh Financial, Inc., for disgorgement of \$676,000, representing profits gained
21 as a result of the conduct alleged in the Complaint, together with prejudgment interest
22 thereon in the amount of \$137,808.31, for a total of \$813,808.31. Defendant shall
23 satisfy this obligation by paying \$813,808.31 to the Securities and Exchange
24 Commission within 14 days after entry of final judgment.

25 Defendant may transmit payment electronically to the Commission, which will
26 provide detailed ACH transfer/Fedwire instructions upon request. Payment may also
27 be made directly from a bank account via Pay.gov through the SEC website at
28 <http://www.sec.gov/about/offices/ofm.htm>. Defendant may also pay by certified

1 check, bank cashier’s check, or United States postal money order payable to the
2 Securities and Exchange Commission, which shall be delivered or mailed to

3
4 Enterprise Services Center
Accounts Receivable Branch
6500 South MacArthur Boulevard
5 Oklahoma City, OK 73169

6 and shall be accompanied by a letter identifying the case title, civil action number,
7 and name of this Court; [Defendant’s name] as a defendant in this action; and
8 specifying that payment is made pursuant to this Final Judgment.

9 Defendant shall simultaneously transmit photocopies of evidence of payment
10 and case identifying information to the Commission’s counsel in this action. By
11 making this payment, Defendant relinquishes all legal and equitable right, title, and
12 interest in such funds and no part of the funds shall be returned to Defendant.

13 The Commission shall hold the funds (collectively, the “Fund”) and may
14 propose a plan to distribute the Fund subject to the Court’s approval. The Court shall
15 retain jurisdiction over the administration of any distribution of the Fund. If the
16 Commission staff determines that the Fund will not be distributed, the Commission
17 shall send the funds paid pursuant to this Final Judgment to the United States
18 Treasury.

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

24 VI.

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

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.

IX.

There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the Clerk is ordered to enter this Final Judgment forthwith and without further notice.

Dated: 11/19/2020



UNITED STATES DISTRICT JUDGE

PROOF OF SERVICE

I am over the age of 18 years and not a party to this action. My business address is:

U.S. SECURITIES AND EXCHANGE COMMISSION,
444 S. Flower Street, Suite 900, Los Angeles, California 90071
Telephone No. (323) 965-3998; Facsimile No. (213) 443-1904.

On November 18, 2020, I caused to be served the document entitled **[PROPOSED] FINAL JUDGMENT AS TO DEFENDANT DESERT STRATEGIC EQUITY, LLC** on all the parties to this action addressed as stated on the attached service list:

OFFICE MAIL: By placing in sealed envelope(s), which I placed for collection and mailing today following ordinary business practices. I am readily familiar with this agency’s practice for collection and processing of correspondence for mailing; such correspondence would be deposited with the U.S. Postal Service on the same day in the ordinary course of business.

PERSONAL DEPOSIT IN MAIL: By placing in sealed envelope(s), which I personally deposited with the U.S. Postal Service. Each such envelope was deposited with the U.S. Postal Service at Los Angeles, California, with first class postage thereon fully prepaid.

EXPRESS U.S. MAIL: Each such envelope was deposited in a facility regularly maintained at the U.S. Postal Service for receipt of Express Mail at Los Angeles, California, with Express Mail postage paid.

HAND DELIVERY: I caused to be hand delivered each such envelope to the office of the addressee as stated on the attached service list.

UNITED PARCEL SERVICE: By placing in sealed envelope(s) designated by United Parcel Service (“UPS”) with delivery fees paid or provided for, which I deposited in a facility regularly maintained by UPS or delivered to a UPS courier, at Los Angeles, California.

ELECTRONIC MAIL: By transmitting the document by electronic mail to the electronic mail address as stated on the attached service list.

E-FILING: By causing the document to be electronically filed via the Court’s CM/ECF system, which effects electronic service on counsel who are registered with the CM/ECF system.

FAX: By transmitting the document by facsimile transmission. The transmission was reported as complete and without error.

I declare under penalty of perjury that the foregoing is true and correct.

Date: November 18, 2020

/s/ Sarah Mitchell

Sarah Mitchell

1 *SEC v. Rumbaugh, et al.*
2 **United States District Court—Central District of California**
3 **Case No. 5:19-cv-01517-PSG-SP**

4
5
6 **SERVICE LIST**
7

8 Julie E. Kamps, Esq. (*via ECF*)
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10 Newport Beach, CA 92660
11 kamps@wpcfs.com
12 ***Counsel for Defendants Craig Rumbaugh, Rumbaugh Financial, Inc.,***
13 ***and Desert Strategic Equity, LLC***
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