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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION**

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

JASON A. WALLACE,

Defendant.

Case No. 8:16-cv-01788-AG(FFMx)

**ORDER OF FINAL JUDGMENT
AGAINST DEFENDANT JASON A.
WALLACE**

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GUILFORD, U.S.D.J

Upon the Motion for a Default Judgment Against Defendant Jason A. Wallace filed by Plaintiff Securities and Exchange Commission on March 17, 2017 pursuant to Rules 55(b) and 54(c) of the Federal Rules of Civil Procedure, the Memorandum of Points and Authorities and the Declarations of Nina B. Finston submitted in support of the motion, and after a careful review of the record and the Court being otherwise fully advised, it is hereby on this 8th day of May, 2017:

I.

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

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

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

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

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

12 **II.**

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

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

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

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

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

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

3 **III.**

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

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

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

1 with anyone described in (a).

2 **IV.**

3 **IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED**
4 that Defendant is permanently restrained and enjoined from violating, directly or
5 indirectly, Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)] by using any
6 means or instrumentality of interstate commerce, or of the mails, or of any facility of
7 any national securities exchange, in connection with the purchase or sale of any
8 security, while not associated with a broker or dealer which is a person other than a
9 natural person (other than such a broker or dealer whose business is exclusively
10 intrastate and who does not make use of any facility of a national securities
11 exchange), to make use of the mails or any means or instrumentality of interstate
12 commerce to effect any transactions in, or to induce or attempt to induce the purchase
13 or sale of, any security (other than an exempted security or commercial paper,
14 bankers' acceptances, or commercial bills) unless registered in accordance with
15 Section 15(b) of the Exchange Act [15 U.S.C. § 78o(b)].

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 Final Judgment by personal
19 service or otherwise: (a) Defendant's officers, agents, servants, employees, and
20 attorneys; and (b) other persons in active concert or participation with Defendant or
21 with anyone described in (a).

22 **V.**

23 **IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED**
24 that Defendant is permanently restrained and enjoined from violating, directly or
25 indirectly, Section 9(b)(2) of the Exchange Act [15 U.S.C. § 78i(b)(2)] by using any
26 means or instrumentality of interstate commerce, or of the mails, or of any facility of
27 any national securities exchange, in connection with the purchase or sale of any
28 security, to effect, alone or with one or more other persons, a series of transactions in

1 any security other than a government security or in connection with any security-
2 based swap agreement with respect to such security creating actual or apparent active
3 trading in such security, or raising or depressing the price of such security, for the
4 purpose of inducing the purchase or sale of such security by others.

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

11 **VI.**

12 **IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED**
13 that Defendant is permanently barred from participating in an offering of penny
14 stock, including engaging in activities with a broker, dealer, or issuer for purposes of
15 issuing, trading, or inducing or attempting to induce the purchase or sale of any penny
16 stock. A penny stock is any equity security that has a price of less than five dollars,
17 except as provided in Rule 3a51-1 under the Exchange Act [17 C.F.R. 240.3a51-1].

18 **VII.**

19 **IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that
20 Defendant is liable for disgorgement of \$434,887.07, representing profits gained as a
21 result of the conduct alleged in the Complaint, together with prejudgment interest
22 thereon in the amount of \$77,161.73. Defendant shall satisfy this obligation by
23 paying \$512,048.80 to the Securities and Exchange Commission within 14 days after
24 entry of this 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 Enterprise Services Center
4 Accounts Receivable Branch
5 6500 South MacArthur Boulevard
6 Oklahoma City, OK 73169

7 and shall be accompanied by a letter identifying the case title, civil action number,
8 and name of this Court; Jason A. Wallace as a defendant in this action; and specifying
9 that payment is made pursuant to this Final Judgment.

10 Defendant shall simultaneously transmit photocopies of evidence of payment
11 and case identifying information to the Commission's counsel in this action. By
12 making this payment, Defendant relinquishes all legal and equitable right, title, and
13 interest in such funds and no part of the funds shall be returned to Defendant. The
14 Commission shall send the funds paid pursuant to this Final Judgment to the United
15 States Treasury.

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

21
22 **VIII.**

23 **IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED**
24 that, upon noticed motion to be filed by the SEC, Defendant will be also ordered to
25 pay a civil penalty in a specific amount to be determined by the Court pursuant to
26 Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the
27 Exchange Act [15 U.S.C. § 78u(d)(3)]. This Court shall retain jurisdiction of this
28 matter for the purposes of enforcing the terms of the Final Judgment.

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May 9, 2017



Andrew J. Guilford, U.S.D.J.