

1 **UNITED STATES DISTRICT COURT**
2 **CENTRAL DISTRICT OF CALIFORNIA**
3 **Southern Division**

4
5 SECURITIES AND EXCHANGE
6 COMMISSION,

7 Plaintiff,

8 vs.

9 GUY SCOTT GRIFFITHE and
10 ROBERT WILLIAM RUSSELL,

11 Defendants.
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Case No. 8:20-cv-00124-DOC-JDE

**FINAL JUDGMENT AS TO
DEFENDANT GUY SCOTT
GRIFFITHE**

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15 The Securities and Exchange Commission (“Commission”) having filed a
16 Complaint and Guy Scott Griffithe (“Defendant”) having entered a general
17 appearance, consented to the Court’s jurisdiction over Defendant and the subject
18 matter of this action, consented to entry of the Judgment dated March 16, 2021
19 (“Judgment,” which is incorporated herein) without admitting or denying the
20 allegations of the Complaint except as to jurisdiction and except as otherwise
21 provided in Paragraph VI of the Judgment, and upon motion of the Commission
22 for entry of final judgment ordering disgorgement and civil money penalties the
23 Court finds that:

24 **I.**

25 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that
26 Defendant is permanently restrained and enjoined from violating, directly or
27 indirectly, Section 10(b) of the Securities Exchange Act of 1934 (the “Exchange
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1 Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R.
2 § 240.10b-5], by using any means or instrumentality of interstate commerce, or of
3 the mails, or of any facility of any national securities exchange, in connection with
4 the purchase or sale of any security:

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

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

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

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

17 **II.**

18 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND
19 DECREED that Defendant is permanently restrained and enjoined from violating
20 Section 17(a) of the Securities Act of 1933 (the “Securities Act”) [15 U.S.C. §
21 77q(a)] in the offer or sale of any security by the use of any means or instruments
22 of transportation or communication in interstate commerce or by use of the mails,
23 directly or indirectly:

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

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

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

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

11 **III.**

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

16 (a) Unless a registration statement is in effect as to a
17 security, making use of any means or instruments of transportation or
18 communication in interstate commerce or of the mails to sell such
19 security through the use or medium of any prospectus or otherwise;

20 (b) Unless a registration statement is in effect as to a
21 security, carrying or causing to be carried through the mails or in
22 interstate commerce, by any means or instruments of transportation,
23 any such security for the purpose of sale or for delivery after sale; or

24 (c) Making use of any means or instruments of
25 transportation or communication in interstate commerce or of the
26 mails to offer to sell or offer to buy through the use or medium of any
27 prospectus or otherwise any security, unless a registration statement
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1 has been filed with the Commission as to such security, or while the
2 registration statement is the subject of a refusal order or stop order or
3 (prior to the effective date of the registration statement) any public
4 proceeding or examination under Section 8 of the Securities Act [15
5 U.S.C. § 77h].

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

12 **IV.**

13 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that
14 Defendant is permanently restrained and enjoined from directly or indirectly,
15 including, but not limited to, through any entity owned or controlled by Defendant,
16 participating in the issuance, purchase, offer, or sale of any security in an
17 unregistered offering by an issuer, provided, however, that such Order shall not
18 prevent him from purchasing or selling securities for his own personal account;
19 and

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

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V.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that, pursuant to Securities Act Section 20(e) [15 U.S.C. § 77t(e)] and Exchange Act Section 21(d)(2) [15 U.S.C. § 78u(d)(2)], Defendant is prohibited from acting as an officer or director of any issuer that has a class of securities registered pursuant to Exchange Act Section 12 [15 U.S.C. § 78l] or that is required to file reports pursuant to Exchange Act Section 13 [15 U.S.C. § 78m].

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

VI.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Consent executed by Defendant on February 11, 2021 and filed on the case docket as Document No. 58-1 is incorporated herein with the same force and effect as if fully set forth herein, and that Defendant shall comply with all of the undertakings and agreements 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 Judgment or any other judgment, order, consent order, decree or settlement agreement entered

1 in connection with this proceeding, is a debt for the violation by Defendant of the
2 federal securities laws or any regulation or order issued under such laws, as set
3 forth in Section 523(a)(19) of the Bankruptcy Code [11 U.S.C. §523(a)(19)].

4 **VIII.**

5 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND
6 DECREED that Defendant is liable for disgorgement of \$2,093,336.67
7 representing net profits gained as a result of the conduct alleged in the Complaint,
8 together with prejudgment interest thereon in the amount of \$336,194.77 and a
9 civil penalty in the amount of \$2,882,539.91 pursuant to Section 20(d) of the
10 Securities Act, 15 U.S.C. § 77t(d)(2)(C), and Section 21(d)(3) of the Exchange
11 Act, 15 U.S.C. § 78u(d)(3)(B)(iii). Defendant shall satisfy this obligation by
12 paying \$5,312,071.35 to the Securities and Exchange Commission within 30 days
13 after entry of this Final Judgment.

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

21 Accounts Receivable Branch
22 6500 South MacArthur Boulevard
23 Oklahoma City, OK 73169

24 and shall be accompanied by a letter identifying the case title, civil action number,
25 and name of this Court; Defendant's name as a defendant in this action; and
26 specifying that payment is made pursuant to this Final Judgment.

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

5 The Commission may enforce the Court’s judgment for disgorgement and
6 prejudgment interest by using all collection procedures authorized by law,
7 including, but not limited to, moving for civil contempt at any time after 30 days
8 following entry of this Final Judgment.

9 The Commission may enforce the Court’s judgment for penalties by the use
10 of all collection procedures authorized by law, including the Federal Debt
11 Collection Procedures Act, 28 U.S.C. § 3001 *et seq.*, and moving for civil
12 contempt for the violation of any Court orders issued in this action. Defendant
13 shall pay post judgment interest on any amounts due after 30 days of the entry of
14 this Final Judgment pursuant to 28 U.S.C. § 1961. The Commission shall hold the
15 funds, together with any interest and income earned thereon (collectively, the
16 “Fund”), pending further order of the Court.

17 The Commission may propose a plan to distribute the Fund subject to the
18 Court’s approval. Such a plan may provide that the Fund shall be distributed
19 pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act
20 of 2002. The Court shall retain jurisdiction over the administration of any
21 distribution of the Fund and the Fund may only be disbursed pursuant to an Order
22 of the Court.

23 Regardless of whether any such Fair Fund distribution is made, amounts
24 ordered to be paid as civil penalties pursuant to this Judgment shall be treated as
25 penalties paid to the government for all purposes, including all tax purposes. To
26 preserve the deterrent effect of the civil penalty, Defendant shall not, after offset or
27 reduction of any award of compensatory damages in any Related Investor Action

1 based on Defendant's payment of disgorgement in this action, argue that he is
2 entitled to, nor shall he further benefit by, offset or reduction of such compensatory
3 damages award by the amount of any part of Defendant's payment of a civil
4 penalty in this action ("Penalty Offset"). If the court in any Related Investor
5 Action grants such a Penalty Offset, Defendant shall, within 30 days after entry of
6 a final order granting the Penalty Offset, notify the Commission's counsel in this
7 action and pay the amount of the Penalty Offset to the United States Treasury or to
8 a Fair Fund, as the Commission directs. Such a payment shall not be deemed an
9 additional civil penalty and shall not be deemed to change the amount of the civil
10 penalty imposed in this Judgment. For purposes of this paragraph, a "Related
11 Investor Action" means a private damages action brought against Defendant by or
12 on behalf of one or more investors based on substantially the same facts as alleged
13 in the Complaint in this action.

14 **IX.**

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

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19 IT IS SO ORDERED.

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23 DAVID O. CARTER
24 United States District Judge

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27 Dated: November 18, 2021