

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

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

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

TELLONE MANAGEMENT GROUP,
INC., DEAN TELLONE, STEVEN
WOLFE, AND ROBERT C.
GUMERMAN.

Defendants.

Case No. 8-21-CV-01413-FWS-ADS
**FINAL JUDGMENT AS TO DEAN
TELLONE AND TELLONE
MANAGEMENT GROUP, INC.**

///
///
///

1 The Securities and Exchange Commission having filed a Complaint and
2 Defendants Dean Tellone (“Tellone”) and Tellone Management Group, Inc. (“TMG”)
3 (collectively “Defendants”) having entered a general appearance; consented to the
4 Court’s jurisdiction over Defendants and the subject matter of this action; consented
5 to entry of this Final Judgment without admitting or denying the allegations of the
6 Complaint (except as to jurisdiction); waived findings of fact and conclusions of law;
7 and waived any right to appeal from this Judgment:

8 **I.**

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

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

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

27 **II.**

28 IT IS FURTHER HEREBY ORDERED, ADJUDGED, AND DECREED that

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

- 7 a) to employ any device, scheme, or artifice to defraud;
- 8 b) to make any untrue statement of a material fact or to omit to state a
9 material fact necessary in order to make the statements made, in the light
10 of the circumstances under which they were made, not misleading; or
- 11 c) to engage in any act, practice, or course of business which operates or
12 would operate as a fraud or deceit upon any person.

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

19 **III.**

20 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants
21 are permanently restrained and enjoined from violating, directly or indirectly,
22 Sections 206(1) and (2) of the Advisers Act, 15 U.S.C. §§ 80b-6(1) & 80b-6(2), while
23 acting as an investment adviser or associated person of an investment adviser, by
24 using the mails or any means or instrumentality of interstate commerce:

- 25 a) to employ any device, scheme or artifice to defraud any client or
26 prospective client; and
- 27 b) to engage in any transaction, practice, or course of business which
28 operates or would operate as a fraud or deceit upon any client or

1 prospective client.

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

8 **IV.**

9 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants
10 are permanently restrained and enjoined from violating, directly or indirectly,
11 Sections 206(4) of the Advisers Act, 15 U.S.C. § 80b-6(4), and Rule 206(4)-7
12 thereunder, C.F.R. § 275.206(4)-7, while acting as an investment adviser or
13 associated person of an investment adviser registered or required to be registered
14 under Section 203 of the Advisers Act, 15 U.S.C. § 80b-3, by using the mails or any
15 means or instrumentality of interstate commerce, to provide investment advice to
16 clients:

- 17 a) without having adopted and implemented written policies and
18 procedures reasonably designed to prevent violation by Defendants or
19 their supervised persons, of the Advisers Act and the rules that the
20 Commission has adopted under the Act;
- 21 b) without conducting a review, no less frequently than annually, of the
22 adequacy of the policies and procedures established pursuant to Rule
23 206(4)-7 and the effectiveness of their implementation; and
- 24 c) without designating an individual (who is a supervised person)
25 responsible for administering the policies and procedures that
26 Defendants have adopted under Rule 206(4)-7(a).

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 Judgment by personal service or
2 otherwise: (a) Defendants' officers, agents, servants, employees, and attorneys; and
3 (b) other persons in active concert or participation with Defendants or with anyone
4 described in (a).

5 **V.**

6 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants
7 are permanently restrained and enjoined from violating, directly or indirectly, Section
8 207 of the Advisers Act, 15 U.S.C. § 80b-7, by using the mails or any means or
9 instrumentality of interstate commerce, to willfully make any untrue statement of a
10 material fact in any registration application or report filed with the Commission under
11 Sections 203 or 204 of the Advisers Act, or willfully omit to state in any such
12 application or report any material fact which is required to be stated therein.

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

19 **VI.**

20 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
21 Defendants are jointly and severally liable for disgorgement of \$110,000.00,
22 representing net profits gained as a result of the conduct alleged in the Complaint,
23 together with prejudgment interest thereon in the amount of \$10,267.45; that
24 Defendant Tellone shall pay a civil penalty in the amount of \$200,000.00 pursuant to
25 Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)], Section 21(d)(3) of the
26 Exchange Act [15 U.S.C. § 78u(d)(3)] and Section 209(e) of the Advisers Act 5
27 U.S.C. §§ 80b-9(e)], and that Defendant TMG shall pay a civil penalty civil penalty
28 in the amount of \$300,000.00 pursuant to Section 20(d) of the Securities Act [15

1 U.S.C. § 77t(d)], Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)] and
2 Section 209(e) of the Advisers Act 5 U.S.C. §§ 80b-9(e)] . Defendants shall satisfy
3 this obligation by paying \$620,267.45 to the Securities and Exchange Commission
4 pursuant to the terms of the payment schedule set forth in paragraph VII below after
5 entry of this Final Judgment.

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

12 Enterprise Services Center
13 Accounts Receivable Branch
14 6500 South MacArthur Boulevard
15 Oklahoma City, OK 73169

16 and shall be accompanied by a letter identifying the case title, civil action number,
17 and name of this Court; Dean Tellone and TMG as a defendant in this action; and
18 specifying that payment is made pursuant to this Final Judgment.

19 Defendants shall simultaneously transmit photocopies of evidence of payment
20 and case identifying information to the Commission’s counsel in this action. By
21 making those payments, Defendants relinquishes all legal and equitable right, title,
22 and interest in such funds and no part of the funds shall be returned to Defendants.

23 The Commission shall hold the funds (collectively, the “Fund”) until further
24 order of this Court. The SEC may propose a plan to distribute the Fund subject to the
25 Court’s approval, and the Court shall retain jurisdiction over the administration of
26 any distribution of the Fund.

27 The Commission may enforce the Court’s judgment for disgorgement and
28 prejudgment interest by using all collection procedures authorized by law, including,

1 but not limited to, moving for civil contempt at any time after 30 days following entry
2 of this Final Judgment. Defendants shall pay post judgment interest on any amounts
3 due after 30 days of entry of this Final Judgment pursuant to 28 U.S.C. § 1961. The
4 Commission shall hold the funds, together with any interest and income earned
5 thereon (collectively, the “Fund”), pending further order of the Court.

6 The Commission may propose a plan to distribute the Fund subject to the
7 Court’s approval. Such a plan may provide that the Fund shall be distributed
8 pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of
9 2002. The Court shall retain jurisdiction over the administration of any distribution
10 of the Fund and the Fund may only be disbursed pursuant to an Order of the Court.

11 Regardless of whether any such Fair Fund distribution is made, amounts
12 ordered to be paid as civil penalties pursuant to this Judgment shall be treated as
13 penalties paid to the government for all purposes, including all tax purposes. To
14 preserve the deterrent effect of the civil penalty, Defendants shall not, after offset or
15 reduction of any award of compensatory damages in any Related Investor Action
16 based on Defendants’ payment of disgorgement in this action, argue that they are
17 entitled to, nor shall they further benefit by, offset or reduction of such compensatory
18 damages award by the amount of any part of Defendants’ payment of a civil penalty
19 in this action (“Penalty Offset”). If the court in any Related Investor Action grants
20 such a Penalty Offset, Defendants shall, within 30 days after entry of a final order
21 granting the Penalty Offset, notify the Commission’s counsel in this action and pay
22 the amount of the Penalty Offset to the United States Treasury or to a Fair Fund, as
23 the Commission directs. Such a payment shall not be deemed an additional civil
24 penalty and shall not be deemed to change the amount of the civil penalty imposed in
25 this Judgment. For purposes of this paragraph, a “Related Investor Action” means a
26 private damages action brought against Defendants by or on behalf of one or more
27 investors based on substantially the same facts as alleged in the Complaint in this
28 action.

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

VII.

Defendants shall pay the total of disgorgement, prejudgment interest, and penalty due of \$620,267.45 in 12 installments to the Commission according to the following schedule: (1) \$51,668.95, within 15 days of entry of this Final Judgment; (2) \$51,668.95, within 45 days of entry of this Final Judgment; (3) \$51,668.95, within 75 days of entry of this Final Judgment; (4) \$51,668.95, within 105 days of entry of this Final Judgment; (5) \$51,668.95, within 135 days of entry of this Final Judgment; (6) \$51,668.95, within 165 days of entry of this Final Judgment; (7) \$51,668.95, within 195 days of entry of this Final Judgment; (8) \$51,668.95, within 225 days of entry of this Final Judgment; (9) \$51,668.95, within 255 days of entry of this Final Judgment; (10) \$51,668.95, within 285 days of entry of this Final Judgment; (11) \$51,668.95, within 325 days of entry of this Final Judgment; (12) \$51,669.00 within 360 days of entry of this Final Judgment. Payments shall be deemed made on the date they are received by the Commission and shall be applied first to post judgment interest, which accrues pursuant to 28 U.S.C. § 1961 on any unpaid amounts due after 30 days of the entry of Final Judgment. Prior to making the final payment set forth herein, Defendants shall contact the staff of the Commission for the amount due for the final payment.

If Defendants fail to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Final Judgment, including post-judgment interest, minus any payments made, shall become due and payable immediately at the discretion of the staff of the Commission without further application to the Court.

25
26
27
28

VIII.

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 Defendants,

1 and further, any debt for disgorgement, prejudgment interest, civil penalty or other
2 amounts due by Defendants under this Judgment or any other judgment, order,
3 consent order, decree or settlement agreement entered in connection with this
4 proceeding, is a debt for the violation by Defendants of the federal securities laws or
5 any regulation or order issued under such laws, as set forth in Section 523(a)(19) of
6 the Bankruptcy Code, 11 U.S.C. §523(a)(19).

7 **IX.**

8 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that this Court
9 shall retain jurisdiction of this matter for the purposes of enforcing the terms of this
10 Judgment.

11 **X.**

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

15
16 **IT IS SO ORDERED.**

17
18
19 Dated: November 20, 2023



20 _____
21 Hon. Fred W. Slaughter
22 UNITED STATES DISTRICT JUDGE
23
24
25
26
27
28