

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**

U.S. SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

C3 INTERNATIONAL, INC.,
STEELE CLARKE SMITH III,
THERESA SMITH, and NICOLAS
ARKELLS

Defendants.

Case Nos. 8:21-cv-1586-CAS-PDx and 2:22-cv-05991-CAS-PDx

**JUDGMENT AS TO NICOLAS
ARKELLS**

1 The Securities and Exchange Commission having filed a Complaint and Defendant
2 Nicolas Arkells having entered a general appearance; consented to the Court's
3 jurisdiction over Defendant and the subject matter of this action; consented to entry of
4 this Judgment without admitting or denying the allegations of the Complaint (except as to
5 jurisdiction and except as otherwise provided herein in paragraphs VI and VIII); waived
6 findings of fact and conclusions of law; and waived any right to appeal from this
7 Judgment:

8 I.

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

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

21 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in
22 Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the
23 following who receive actual notice of this Judgment by personal service or otherwise:

- 24 (a) Defendant's officers, agents, servants, employees, and attorneys; and (b) other
25 persons in active concert or participation with Defendant or with anyone described in (a).

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

II.

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

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

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 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).

III.

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

- (a) Unless a registration statement is in effect as to a security, making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell such security through the use or medium of

1 any prospectus or otherwise;

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

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

14 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in
15 Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the
16 following who receive actual notice of this Judgment by personal service or otherwise:

17 (a) Defendant's officers, agents, servants, employees, and attorneys; and (b) other
18 persons in active concert or participation with Defendant or with anyone described in (a).

19
20 IV.

21 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
22 Defendant is permanently restrained and enjoined from violating Section 15(a) of the
23 Exchange Act [15 U.S.C. § 78o(a)] by, while engaging in business as a broker or dealer,
24 making use of the mails or any instrumentality of interstate commerce to effect any
25 transaction in, or to induce the purchase or sale of, any security (other than an exempted
26 security or commercial paper, bankers' acceptances, or commercial bills) unless

1 registered as a broker dealer in accordance with Section 15(b) of the Exchange Act [15
2 U.S.C. § 78o(b)] or associated with a broker or dealer that is registered with the
3 Commission in accordance with Section 15(b) of the Exchange Act [15 U.S.C. § 78o(b)].

4 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in
5 Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the
6 following who receive actual notice of this Judgment by personal service or otherwise:

7 (a) Defendant's officers, agents, servants, employees, and attorneys; and (b) other
8 persons in active concert or participation with Defendant or with anyone described in (a).

9 V.

10 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that pursuant to
11 Sections 21(d)(1) and 21(d)(5) of the Exchange Act [15 U.S.C. § 78u(d)(1) and (5)], and
12 Section 20(b) of the Securities Act [15 U.S.C. § 77t(b)], Defendant is permanently
13 restrained and enjoined from directly or indirectly, including, but not limited to, through
14 any entity owned or controlled by Defendant, soliciting any person or entity to purchase
15 or sell any security; provided, however, that such injunction shall not prevent him from
16 purchasing or selling securities for his own personal account.

17 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in
18 Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the
19 following who receive actual notice of this Judgment by personal service or otherwise:

20 (a) Defendant's officers, agents, servants, employees, and attorneys; and (b) other
21 persons in active concert or participation with Defendant or with anyone described in (a).

22 VI.

23 Upon motion of the Commission, the Court shall determine whether it is
24 appropriate to order disgorgement of ill-gotten gains and/or a civil penalty pursuant to
25 Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the
26 Exchange Act [15 U.S.C. § 78u(d)(3)] and, if so, the amount(s) of the disgorgement

1 and/or civil penalty. If disgorgement is ordered, Defendant shall pay prejudgment
2 interest thereon, calculated from January 7, 2019, based on the rate of interest used by the
3 Internal Revenue Service for the underpayment of federal income tax as set forth in 26
4 U.S.C. § 6621(a)(2). In connection with the Commission’s motion for disgorgement
5 and/or civil penalties, and at any hearing held on such a motion: (a) Defendant will be
6 precluded from arguing that he did not violate the federal securities laws as alleged in the
7 Complaint; (b) Defendant may not challenge the validity of the Consent or this Judgment;
8 (c) solely for the purposes of such motion, the allegations of the Complaint shall be
9 accepted as and deemed true by the Court; and (d) the Court may determine the issues
10 raised in the motion on the basis of affidavits, declarations, excerpts of sworn deposition
11 or investigative testimony, and documentary evidence, without regard to the standards for
12 summary judgment contained in Rule 56(c) of the Federal Rules of Civil Procedure. In
13 connection with the Commission’s motion for disgorgement and/or civil penalties, the
14 parties may take discovery, including discovery from appropriate non-parties.

15 VII.

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

19 VIII.

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

1 under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C.
2 §523(a)(19).

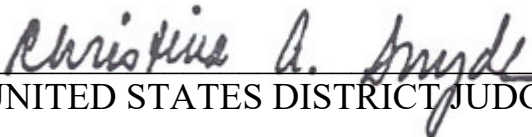
3 IX.

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

6 X.

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

10
11 Dated: MAY 7, 2024

12 
13 UNITED STATES DISTRICT JUDGE