

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

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).

II.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is liable for disgorgement of \$604,000, representing his ill-gotten gains as a result of the conduct alleged in the Complaint, together with prejudgment interest of \$175,825.27, for a total of \$779,825.27. However, Defendant's obligation to pay disgorgement and prejudgment interest shall be deemed satisfied upon entry of this Final Judgment by the restitution and/or forfeiture orders entered against him in *United States v. Jason Galanis, et al.*, 15 Cr. 643 (PKC) (S.D.N.Y.).

III.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Consent 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.

IV.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, 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).

V.

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.

VI.

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: August 9, 2018


Vernon S. Broderick
United States District Judge

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

-----X	:	
SECURITIES AND EXCHANGE COMMISSION	:	
	:	
Plaintiff,	:	15 Civ. 7547 (VSB)
	:	
v.	:	ECF Case
	:	
JASON W. GALANIS, JOHN P. GALANIS,	:	
JARED M. GALANIS, DEREK M. GALANIS,	:	
GARY T. HIRST, and GAVIN L. HAMELS,	:	
	:	
Defendants.	:	
-----X	:	

CONSENT OF DEFENDANT JOHN P. GALANIS

1. Defendant John P. Galanis (“Defendant”) acknowledges having been served with the complaint in this action, enters a general appearance, and admits the Court’s jurisdiction over Defendant and over the subject matter of this action.

2. Defendant has pleaded guilty to criminal conduct relating to certain matters alleged in the complaint in this action. Specifically, in *United States v. Jason Galanis, et al.*, 15 Cr. 643 (PKC) (S.D.N.Y.) (“*United States v. Galanis*”), Defendant pleaded guilty to one count of conspiracy to commit securities fraud, in violation of 18 U.S.C. § 371, and one count of securities fraud, in violation of Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. §§ 78j(b) and 78ff, and Rule 10b-5 thereunder, 17 C. F. R. § 240.10b-5. In connection with that plea, Defendant admitted the facts set out in the transcript excerpt of his plea allocution that is attached as Exhibit A to this Consent. This Consent shall remain in full force and effect regardless of the existence or outcome of any further proceedings in *United States v. Galanis*.

3. Defendant hereby consents to the entry of the final Judgment in the form attached hereto (the "Final Judgment") and incorporated by reference herein, which, among other things:

(a) permanently restrains and enjoins Defendant from violations of Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C. F. R. § 240.10b-5; and

(b) orders that while Defendant is liable to pay disgorgement of \$604,000 representing his ill-gotten gains, together with prejudgment interest of \$175,825.27, for a total of \$779,825.27, such obligation to pay disgorgement and prejudgment interest shall be deemed satisfied by the restitution and/or forfeiture orders entered in the criminal action against him, *United States v. Galanis*.

4. Defendant waives the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure.

5. Defendant waives the right, if any, to a jury trial and to appeal from the entry of the Final Judgment.

6. Defendant enters into this Consent voluntarily and represents that no threats, offers, promises, or inducements of any kind have been made by the Commission or any member, officer, employee, agent, or representative of the Commission to induce Defendant to enter into this Consent.

7. Defendant agrees that this Consent shall be incorporated into the Final Judgment with the same force and effect as if fully set forth therein.

8. Defendant will not oppose the enforcement of the Final Judgment on the ground, if any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure, and hereby waives any objection based thereon.

9. Defendant waives service of the Final Judgment and agrees that entry of the Final Judgment by the Court and filing with the Clerk of the Court will constitute notice to Defendant of its terms and conditions. Defendant further agrees to provide counsel for the Commission, within thirty days after the Final Judgment is filed with the Clerk of the Court, with an affidavit or declaration stating that Defendant has received and read a copy of the Final Judgment.

10. Consistent with 17 C.F.R. § 202.5(f), this Consent resolves only the claims asserted against Defendant in this civil proceeding. Defendant acknowledges that no promise or representation has been made by the Commission or any member, officer, employee, agent, or representative of the Commission with regard to any criminal liability that may have arisen or may arise from the facts underlying this action or immunity from any such criminal liability. Defendant waives any claim of Double Jeopardy based upon the settlement of this proceeding, including the imposition of any remedy or civil penalty herein. Defendant further acknowledges that the Court's entry of a permanent injunction may have collateral consequences under federal or state law and the rules and regulations of self-regulatory organizations, licensing boards, and other regulatory organizations. Such collateral consequences include, but are not limited to, a statutory disqualification with respect to membership or participation in, or association with a member of, a self-regulatory organization. This statutory disqualification has consequences that are separate from any sanction imposed in an administrative proceeding. In addition, in any disciplinary proceeding before the Commission based on the entry of the injunction in this action, Defendant understands that he shall not be permitted to contest the factual allegations of the complaint in this action.

11. Defendant understands and agrees to comply with the terms of 17 C.F.R. § 202.5(e), which provides in part that it is the Commission's policy “not to permit a defendant or

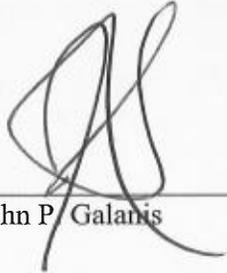
respondent to consent to a judgment or order that imposes a sanction while denying the allegations in the complaint or order for proceedings” and “a refusal to admit the allegations is equivalent to a denial, unless the defendant or respondent states that he neither admits nor denies the allegations.” As part of Defendant’s agreement to comply with the terms of Section 202.5(e), Defendant: (i) will not take any action or make or permit to be made any public statement denying, directly or indirectly, any allegation in the complaint or creating the impression that the complaint is without factual basis; (ii) will not make or permit to be made any public statement to the effect that Defendant does not admit the allegations of the complaint, or that this Consent contains no admission of the allegations, without also stating that Defendant does not deny the allegations; (iii) upon the filing of this Consent, Defendant hereby withdraws any papers filed in this action to the extent that they deny any allegation in the complaint; and (iv) stipulates solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. § 523, that the allegations in the complaint are true, and further, that any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Defendant under the 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). If Defendant breaches this agreement, the Commission may petition the Court to vacate the Final Judgment and restore this action to its active docket. Nothing in this paragraph affects Defendant’s: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Commission is not a party.

12. Defendant hereby waives any rights under the Equal Access to Justice Act, the Small Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to seek from the United States, or any agency, or any official of the United States acting in his or her official capacity, directly or indirectly, reimbursement of attorney's fees or other fees, expenses, or costs expended by Defendant to defend against this action. For these purposes, Defendant agrees that Defendant is not the prevailing party in this action since the parties have reached a good faith settlement.

13. Defendant agrees that the Commission may present the Final Judgment to the Court for signature and entry without further notice.

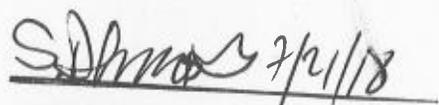
14. Defendant agrees that this Court shall retain jurisdiction over this matter for the purpose of enforcing the terms of the Final Judgment.

Dated: 7/21/18



John P. Galanis

On July 21, 2018, John Galanis, a person known to me, personally appeared before me and acknowledged executing the foregoing Consent.



**Authorized by the Act of July 7, 1955
to Administer Oaths 18 USC 4004**

Notary Public
Commission expires:

EXHIBIT A

G7kdgalp

Plea

1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK
-----x

3 UNITED STATES OF AMERICA, New York, N.Y.
4 v. 15 Cr. 0643 (PKC)
5 JOHN GALANIS,
6 Defendant.

7 -----x

8 July 20, 2016
9 11:35 a.m.

10 Before:

11 HON. SARAH NETBURN,
12 Magistrate Judge

13
14 APPEARANCES

15 PREET BHARARA
16 United States Attorney for the
17 Southern District of New York
18 BY: AIMEE HECTOR
19 REBECCA MERMELSTEIN
20 BRIAN BLAIS
21 Assistant United States Attorneys

22 DAVID TOUGER
23 Attorney for Defendant
24
25

G7kdgalp

Plea

1 THE CLERK: In the matter of United States against
2 John Galanis.

3 Counsel, please state your name for the record.

4 MS. HECTOR: Good morning, your Honor. Aimee Hector,
5 Rebecca Mermelstein and Brian Blais for the government.

6 MR. BLAIS: Good morning, your Honor.

7 THE COURT: Good morning.

8 MR. TOUGER: Good morning, your Honor. David Touger,
9 T-o-u-g-e-r, for Mr. Galanis.

10 THE COURT: Good morning.

11 Good morning, Mr. Galanis.

12 THE DEFENDANT: Good morning, your Honor.

13 THE COURT: My name is Judge Netburn.

14 Sir, I have before me a Consent to Proceed Before a
15 United States Magistrate Judge on a Felony Plea Allocution that
16 you have signed. What this form says is that knowing you have
17 the right to have this plea taken by a United States district
18 judge, you are agreeing instead to have this plea taken by me,
19 a United States magistrate judge. Is that correct?

20 THE DEFENDANT: That is correct, your Honor.

21 THE COURT: Before you signed this form, did your
22 lawyer explain it to you?

23 THE DEFENDANT: Yes, he did.

24 THE COURT: It is accepted.

25 Is the defendant charged in all counts in the

G7kdgalp

Plea

1 incorrectly stated that the stipulated guidelines' range for
2 the fine was only 30,000 to 300,000 when in fact it should have
3 been 30,000 to \$5 million.

4 Do you understand that?

5 THE DEFENDANT: I do, your Honor.

6 THE COURT: OK. And so because that's the stipulated
7 fine range, you have agreed to forfeit any ability to appeal
8 from a fine that is less than or equal to \$5 million; do you
9 understand that?

10 THE DEFENDANT: I do, your Honor.

11 THE COURT: Now that we've clarified that and you have
12 heard about all of the penalties that you face, the charges
13 against you, and the rights you are giving up, let me confirm
14 again it is your intention to plead guilty to Counts One and
15 Two of the Indictment?

16 THE DEFENDANT: It is, your Honor.

17 THE COURT: OK. With respect to Count One of the
18 Indictment, how do you plead?

19 THE DEFENDANT: I plead guilty, your Honor.

20 THE COURT: And with respect to Count Two of the
21 Indictment, how do you plead?

22 THE DEFENDANT: I plead guilty, your Honor.

23 THE COURT: OK. Can you tell me in your own words
24 what you did to make you believe you are guilty of those
25 charges?

G7kdgalp

Plea

1 THE DEFENDANT: Your Honor, would you mind, with your
2 leave, I not stand up? It is a little difficult for me to
3 stand.

4 THE COURT: That is quite all right. Absolutely.
5 Thank you.

6 THE DEFENDANT: I, John Galanis, along with others,
7 conspired to commit securities fraud in or about 2009 to in or
8 about 2011 in that I and others openly managed brokerage
9 accounts of an individual and effected the sale of Gerova stock
10 and received and concealed proceeds derived therefrom knowing
11 that this activity was designed to conceal from the investing
12 public the true ownership and control of that Gerova stock.

13 I, along with others, willingly and knowingly,
14 directly and indirectly, by means and use of instrumentalities
15 of interstate commerce and the mails and other facilities of
16 the National Securities Exchange, would and did use and employ
17 manipulative and deceptive devices and contrivances in
18 connection with the purchase and sale of securities, in
19 violation of Title 17, Code of Federal Regulations, Section
20 240.10b-5 by employing devices, schemes, and artifices to
21 defraud and making untrue statements of material fact and
22 omitting to state material facts necessary in order to make the
23 statements made in light of the circumstances under which they
24 were made not misleading, and I and others engaged in acts,
25 practices, and courses of business which operated and would

G7kdgalp

Plea

1 have operated as a fraud and deceit upon persons.

2 THE COURT: Thank you, sir. I appreciate that you
3 just read something that reads like a lawyer's statement. So I
4 just want to confirm that you understand what you just read?

5 THE DEFENDANT: I do, your Honor.

6 THE COURT: And I appreciate that those were probably
7 your lawyer's words. Do you agree and adopt everything that
8 you just read?

9 THE DEFENDANT: I do. I understand the meaning of
10 that language, your Honor, and that's why I read it, because it
11 fully and accurately describes my activity.

12 THE COURT: OK. Anything else that you would like to
13 add in your own words?

14 THE DEFENDANT: Not at this time, your Honor. No.

15 THE COURT: Did you know that what you were doing was
16 illegal?

17 THE DEFENDANT: I'm sorry, your Honor.

18 THE COURT: Did you know that what you were doing at
19 the time was illegal?

20 THE DEFENDANT: Yes, I did, your Honor.

21 THE COURT: Any other questions you would like me to
22 ask, Ms. Hector?

23 MS. HECTOR: No, your Honor.

24 I would just proffer that at certain times relevant to
25 during the course of this conspiracy, the trades of the Gerova