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8 **UNITED STATES DISTRICT COURT**
9 **CENTRAL DISTRICT OF**
10 **CALIFORNIA SOUTHERN DIVISION**
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13 SECURITIES AND EXCHANGE
14 COMMISSION,

15 Plaintiff,

16 vs.
17

18 CAROL J. WAYLAND, JOHN C.
19 MUELLER, KENTUCKY-
20 TENNESSEE 50 WELLS/400 BBLPD
21 BLOCK, LIMITED PARTNERSHIP,
22 HP OPERATIONS, LLC, C.A.R.
23 LEASING, LLC, MITCHELL B.
24 DOW, BARRY LISS, AND STEVE G.
25 BLASKO,

26 Defendants.
27
28

Case No. 8:17-cv-01156-AG (DFMx)

**FINAL JUDGMENT AS TO
CAROL J. WAYLAND**

1 This matter came before the Court upon Plaintiff Securities and Exchange
2 Commission's ("SEC") Motion for Summary Judgment against defendants Kentucky-
3 Tennessee 50 Wells/400 BBLPD Block, Limited Partnership, HP Operations, LLC,
4 C.A.R. Leasing, LLC, Carol J. Wayland, Mitchell B. Dow, Barry Liss, and Steve G.
5 Blasko, made pursuant to Federal Rule of Civil Procedure 56. The Court having
6 considered the memoranda and evidence filed by the parties, and all other argument
7 and evidence presented to it, and good cause appearing therefor, granted the SEC's
8 Motion on April 8, 2019.

9 On April 18, 2019, the SEC submitted a Supplemental Memorandum of Points
10 and Authorities in support of its motion for permanent injunctions and civil penalties.
11 The Court having considered the memoranda and evidence submitted by the SEC,
12 and all other argument and evidence presented to it, and good cause appearing
13 therefor, grants the SEC's Motion and enters this Final Judgment as to Carol J.
14 Wayland ("Defendant").

15 I.

16 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
17 Defendant is permanently restrained and enjoined from violating, directly or
18 indirectly, Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange
19 Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R.
20 § 240.10b-5], by using any means or instrumentality of interstate commerce, or of the
21 mails, or of any facility of any national securities exchange, in connection with the
22 purchase or sale of any security:

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

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

7 II.

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

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

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

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

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

26 III.

27 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
28 Defendant is permanently restrained and enjoined from violating Section 5 of the

1 Securities Act [15 U.S.C. § 77e] by, directly or indirectly, in the absence of any
2 applicable exemption:

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

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

25 IV.

26 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
27 Defendant is permanently restrained and enjoined from violating Section 15(a) of the
28 Exchange Act [15 U.S.C. § 78o(a)], in connection with the purchase or sale of a

1 security, by the use of means or instrumentalities or interstate commerce, of the
2 mails, or of the facilities of a national securities exchange, directly or indirectly
3 effecting transactions in, or inducing or attempting to induce the purchase or sale of,
4 securities without being registered with the SEC, or affiliated with a broker-dealer
5 registered with the SEC.

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

12 V.

13 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant
14 is liable for disgorgement of \$464,665, representing profits gained as a result of the
15 conduct alleged in the Complaint, together with prejudgment interest thereon in the
16 amount of \$64,057.72, and a civil penalty in the amount of \$464,665 pursuant to
17 Section 20(d) of the Securities Act and Section 21(d)(3) of the Exchange Act [15
18 U.S.C. §§ 77t(d), 78u(d)(3)]. Defendant shall satisfy this obligation by paying
19 \$993,377.72 to the Securities and Exchange Commission within 14 days after entry
20 of this Final Judgment.

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

27 Enterprise Services Center
28 Accounts Receivable Branch
6500 South MacArthur Boulevard

1 Oklahoma City, OK 73169

2 and shall be accompanied by a letter identifying the case title, civil action number,
3 and name of this Court; Carol J. Wayland as a defendant in this action; and specifying
4 that payment is made pursuant to this Final Judgment.

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

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

16 VI.

17 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, solely for
18 purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code,
19 11 U.S.C. §523, the allegations in the complaint are true and admitted by Defendant,
20 and further, any debt for disgorgement, prejudgment interest, civil penalty or other
21 amounts due by Defendant under this Final Judgment or any other judgment, order,
22 consent order, decree or settlement agreement entered in connection with this
23 proceeding, is a debt for the violation by Carol J. Wayland of the federal securities
24 laws or any regulation or order issued under such laws, as set forth in Section
25 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

VII.

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.

VIII.

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: May 7, 2019



HON. ANDREW J. GUILFORD
UNITED STATES DISTRICT JUDGE