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

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

STRONG INVESTMENT
MANAGEMENT, JOSEPH B.
BRONSON, and JOHN B.
ENGBRETSON,

Defendants.

Case No. 8:18-CV-00293-JLS (DFMx)

**FINAL JUDGMENT AS TO
DEFENDANT JOSEPH B. BRONSON**

FINAL JUDGMENT AS TO DEFENDANT JOSEPH B. BRONSON

The Securities and Exchange Commission having filed a Complaint and Defendant Joseph B. Bronson having entered a general appearance; consented to the Court’s jurisdiction over Defendant and the subject matter of this action; consented to entry of this Final Judgment without admitting or denying the allegations of the Complaint (except as to jurisdiction); waived findings of fact and conclusions of law; and waived any right to appeal from this Final Judgment, and the Court finding no just reason for delay:

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I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant’s agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], by using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security:

- (a) to employ any device, scheme, or artifice to defraud;
- (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 HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant’s agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 17(a) of the Securities Act of 1933 (the “Securities Act”) [15

1 U.S.C. § 77q(a)] in the offer or sale of any security by the use of any means or
2 instruments of transportation or communication in interstate commerce or by use of
3 the mails, directly or indirectly:

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

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

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

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

17 **III.**

18 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendants
19 are permanently restrained and enjoined from violating, directly or indirectly, while
20 acting as an investment adviser, Sections 206(1) and (2) of the Investment Advisers
21 Act of 1940 ("Advisers Act") [15 U.S.C. §§ 80b-6(1) and (2)] by using the mails or
22 any means or instrumentality of interstate commerce:

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

25 (b) to engage in any transaction, practice, or course of business which
26 operates as a fraud or deceit upon any client or prospective client.

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

5 **IV.**

6 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant is
7 permanently restrained and enjoined from any violation of Section 206(4) of the
8 Adviser Act [15 U.S.C. § 80b-6(4)] and Rule 206(4)-7 promulgated thereunder
9 [17 C.F.R. § 275.206(4)-7], by knowingly or recklessly providing substantial
10 assistance to a registered investment advisers' failure to adopt and implement written
11 policies and procedures reasonably designed to prevent violation of the Advisers Act
12 and the rules thereunder.

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

19 **V.**

20 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant is
21 permanently restrained and enjoined from any violation of Section 207 of the Adviser
22 Act [15 U.S.C. § 80b-7] by making any untrue statement of a material fact in any
23 registration application or report filed with the Commission under section 203, or
24 204, or willfully omitting to state in any such application or report any material fact
25 which is required to be stated therein.

26 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
27 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
28 binds the following who receive actual notice of this Final Judgment by personal

1 service or otherwise: (a) Defendant's officers, agents, servants, employees, and
2 attorneys; and (b) other persons in active concert or participation with Defendant or
3 with anyone described in (a).

4 **VI.**

5 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
6 Defendant is jointly and severally liable with Defendant Strong Investment
7 Management for disgorgement of \$960,656, representing profits gained as a result of
8 the conduct alleged in the Complaint, together with prejudgment interest thereon in
9 the amount of \$100,501.39, and a civil penalty in the amount of \$184,767 pursuant to
10 Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), Section 21(d)(3) of the
11 Exchange Act, 15 U.S.C. § 78u(d)(3), and Section 209(e) of the Advisers Act, 15
12 U.S.C. § 80b-9(e). Defendant shall satisfy this obligation pursuant to the terms of the
13 payment schedule set forth in paragraph VII below after entry of this Final Judgment.

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

20 Enterprise Services Center
21 Accounts Receivable Branch
22 6500 South MacArthur Boulevard
Oklahoma City, OK 73169

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

26 Defendant shall simultaneously transmit photocopies of evidence of payment
27 and case identifying information to the Commission's counsel in this action. By
28 making this payment, Defendant relinquishes all legal and equitable right, title, and

1 interest in such funds and no part of the funds shall be returned to Defendant.

2 The Commission may enforce the Court’s judgment for civil penalties,
3 disgorgement and prejudgment interest by moving for civil contempt (and/or through
4 other collection procedures authorized by law) at any time after January 10, 2020, the
5 date set forth in the payment schedule in paragraph VII below. Defendant shall pay
6 post judgment interest on any delinquent amounts pursuant to 28 U.S.C. § 1961. The
7 Commission shall hold the funds, together with any interest and income earned
8 thereon (collectively, the “Fund”), pending further order of the Court.

9 The Commission may propose a plan to distribute the Fund subject to the
10 Court’s approval. Such a plan may provide that the Fund shall be distributed
11 pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of
12 2002. The Court shall retain jurisdiction over the administration of any distribution
13 of the Fund. If the Commission staff determines that the Fund will not be distributed,
14 the Commission shall send the funds paid pursuant to this Final Judgment to the
15 United States Treasury.

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

1 and shall not be deemed to change the amount of the civil penalty imposed in this
2 Judgment. For purposes of this paragraph, a “Related Investor Action” means a
3 private damages action brought against Defendant by or on behalf of one or more
4 investors based on substantially the same facts as alleged in the Complaint in this
5 action.

6 **VII.**

7 Defendant Joseph B. Bronson shall pay the total of disgorgement, prejudgment
8 interest, and penalty due of \$1,245,924.39 and accrued post judgment interest in one
9 payment to the Commission on or before January 10, 2020. The payment shall be
10 deemed made on the date it is received by the Commission and shall be applied first
11 to post judgment interest, which accrues pursuant to 28 U.S.C. § 1961 on any unpaid
12 amounts due after 14 days of the entry of Final Judgment. Prior to making the
13 payment set forth herein, Joseph B. Bronson shall contact the staff of the Commission
14 for the amount due for the payment.

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

20 **VIII.**

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

3 **IX.**

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

7 Dated: August 21, 2019



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10 HON. JOSEPHINE L. STATON
11 UNITED STATES DISTRICT JUDGE
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