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

15 SECURITIES AND EXCHANGE  
 COMMISSION,  
 16 Plaintiff,  
 17 vs.  
 18 ROBERT “Lute” DAVIS, JR., et al.,  
 19 Defendants.

Case No.: 2:18-cv-10481-FMO-JC

**FINAL JUDGMENT AS TO  
 DEFENDANT CLAUDE STEVEN  
 MOSLEY**

20 The Securities and Exchange Commission having filed a Complaint and Defendant  
 21 Claude Steven Mosley (“Mosley” or “Defendant”) having entered a general appearance;  
 22 consented to the Court’s jurisdiction over Defendant and the subject matter of this action;  
 23 consented to entry of this Final Judgment without admitting or denying the allegations of the  
 24 Complaint (except as to jurisdiction); waived findings of fact and conclusions of law; and waived  
 25 any right to appeal from this Final Judgment:  
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27 **I.**

**PERMANENT INJUNCTIVE RELIEF**

**A.**

**Section 5 of the Securities Act of 1933 (“Securities Act”)**

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

**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

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

4 **B.**

5 **Section 15(a)(1) of the Securities Exchange Act of 1934 ("Exchange Act")**

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7 **IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Defendant is  
8 permanently restrained and enjoined from violating, directly or indirectly, Section 15(a)(1) of the  
9 Exchange Act [15 U.S.C. § 78o(a)(1)] by making use of any means or instrumentality of  
10 interstate commerce or of the mails and engaging in the business of effecting transactions in  
11 securities for the accounts of others, or inducing or effecting the purchase and sale of securities,  
12 while not registered with the Commission in accordance with the provisions of Section 15(b) of  
13 the Exchange Act, or while not associated with a broker-dealer that was so registered.

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

22 **DISGORGEMENT AND PREJUDGMENT INTEREST**

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24 **IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Defendant is  
25 liable for disgorgement of \$627,698.98, representing profits gained as a result of the conduct  
26 alleged in the Complaint, together with prejudgment interest thereon in the amount of  
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1 \$92,676.30, jointly and severally with Security Financial, LLC; and a civil penalty in the amount  
2 of \$100,000 pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section  
3 21(d)(3) of the Exchange Act [15 U.S.C. §78u(d)(3)]. Defendant shall satisfy this obligation by  
4 paying \$820,375.28 to the Securities and Exchange Commission within 14 days after entry of  
5 this Final Judgment.

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

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

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

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

24  
25 The Commission may enforce the Court's judgment for disgorgement and prejudgment  
26 interest by moving for civil contempt (and/or through other collection procedures authorized by  
27 law) at any time after 14 days following entry of this Final Judgment. Defendant shall pay post  
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1 judgment interest on any delinquent amounts pursuant to 28 U.S.C. § 1961. Amounts collected  
2 shall be applied first to disgorgement, then prejudgment interest, then civil penalty, until the  
3 disgorgement, prejudgment interest, and civil penalty amounts in this Final Judgment are fully  
4 satisfied; only then shall any amount be applied to post judgment interest. The Commission shall  
5 hold the funds, together with any interest and income earned thereon (collectively, the “Fund”),  
6 pending further order of the Court.

7  
8 The Commission may propose a plan to distribute the Fund subject to the Court’s  
9 approval. Such a plan may provide that the Fund shall be distributed pursuant to the Fair Fund  
10 provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002. The Court shall retain  
11 jurisdiction over the administration of any distribution of the Fund. If the Commission staff  
12 determines that the Fund will not be distributed, the Commission shall send the funds paid  
13 pursuant to this Final Judgment to the United States Treasury.

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

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5 **III.**

6 **INCORPORATION OF CONSENT**

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

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11 **IV.**

12 **BANKRUPTCY NONDISCHARGEABILITY**

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

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22 **V.**

23 **RETENTION OF JURISDICTION**

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25 **IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that this Court shall  
26 retain jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.  
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VI.

**RULE 54(b) CERTIFICATION**

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 3, 2019

\_\_\_\_\_/s/\_\_\_\_\_  
FERNANDO M. OLGUIN  
UNITED STATES DISTRICT JUDGE

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