

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA**

Securities and Exchange Commission,
Plaintiff,

vs.

Cavco Industries, Inc.; Joseph
Stegmayer; and Daniel Urness,
Defendants.

Case No. 2:21-cv-01507-SRB

**CONSENT JUDGMENT AS TO
DEFENDANT JOSEPH STEGMAYER**

The Securities and Exchange Commission having filed a Complaint and Defendant Joseph Stegmayer 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 Consent Judgment without admitting or denying the allegations of the Complaint (except as to jurisdiction and except as otherwise provided herein in paragraph X); waived findings of fact and conclusions of law; and waived any right to appeal from this Consent Judgment:

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant is permanently restrained and enjoined from violating, directly or indirectly,

1 Section 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) [15
2 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5],
3 by using any means or instrumentality of interstate commerce, or of the mails, or
4 of any facility of any national securities exchange, in connection with the purchase
5 or sale of any security:

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

7 (b) to make any untrue statement of a material fact or to omit to state a
8 material fact necessary in order to make the statements made, in the light of
9 the circumstances under which they were made, not misleading; or

10 (c) to engage in any act, practice, or course of business which operates or
11 would operate as a fraud or deceit upon any person.

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

18 II.

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

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

26 (b) to obtain money or property by means of any untrue statement of a
27 material fact or any omission of a material fact necessary in order to make
28

1 the statements made, in light of the circumstances under which they were
2 made, not misleading; or

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

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

11 III.

12 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED
13 that Defendant is permanently restrained and enjoined from aiding and abetting
14 any violation of Section 13(b)(2)(B) of the Exchange Act [15 U.S.C. §
15 78m(b)(2)(B)] by knowingly or recklessly providing substantial assistance to an
16 issuer that fails to devise and maintain a system of internal accounting controls
17 sufficient to provide reasonable assurances that (i) transactions are executed in
18 accordance with management's general or specific authorization; (ii) transactions
19 are recorded as necessary (I) to permit preparation of financial statements in
20 conformity with generally accepted accounting principles or any other criteria
21 applicable to such statements, and (II) maintain accountability for assets; (iii)
22 access to assets is permitted only in accordance with management's general or
23 specific authorization; and (iv) the recorded accountability for assets is compared
24 with the existing assets at reasonable intervals and appropriate action is taken with
25 respect to any differences.

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 Consent Judgment by

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

4 IV.

5 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED
6 that Defendant is permanently restrained and enjoined from violating Section
7 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)] by knowingly
8 circumventing or knowingly failing to implement a system of internal accounting
9 controls or knowingly falsifying any book, record, or account of any issuer which
10 has a class of securities registered pursuant to Section 12 of the Exchange Act [15
11 U.S.C. § 78l] or any company which is required to file reports pursuant to Section
12 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

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

19 V.

20 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED
21 that Defendant is permanently restrained and enjoined from violating Rule 13b2-2
22 of the Exchange Act [17 C.F.R. § 240.13b2-2] by directly or indirectly making or
23 causing to be made materially false or misleading statements to an accountant in
24 connection with any audit, review or examination of an issuer's financial
25 statements or the preparation or filing of any document or report required to be
26 filed with the SEC; or omitting to state, or causing another person to omit to state,
27 any material fact necessary in order to make statements made, in light of the
28 circumstances under which such statements were made, not misleading, to an

1 accountant in connection with any audit, review or examination of an issuer's
2 financial statements or the preparation or filing of any document or report required
3 to be filed with the SEC.

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

10 VI.

11 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that,
12 pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)] and
13 Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)], Defendant is prohibited,
14 for 5 years following the date of entry of this Consent Judgment, from acting as an
15 officer or director of any issuer that has a class of securities registered pursuant to
16 Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports
17 pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

18 VII.

19 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND
20 DECREED that Defendant shall pay a civil penalty in the amount of \$1,480,000 to
21 the Securities and Exchange Commission pursuant to Securities Act Section 20(d)
22 [15 U.S.C. § 77t(d)] and Exchange Act Section 21(d) [15 U.S.C. § 78u(d)].
23 Defendant shall make this payment pursuant to the terms of the payment schedule
24 set forth in paragraph VIII below after entry of this Consent Judgment.

25 Defendant may transmit payment electronically to the Commission, which
26 will provide detailed ACH transfer/Fedwire instructions upon request. Payment
27 may also be made directly from a bank account via Pay.gov through the SEC
28 website at <http://www.sec.gov/about/offices/ofm.htm>. Defendant may also pay by

1 certified check, bank cashier's check, or United States postal money order payable
2 to the Securities and Exchange Commission, which shall be delivered or mailed to
3 Enterprise Services Center
4 Accounts Receivable Branch
5 6500 South MacArthur Boulevard
6 Oklahoma City, OK 73169
7 and shall be accompanied by a letter identifying the case title, civil action number,
8 and name of this Court; Joseph Stegmayer as a defendant in this action; and
9 specifying that payment is made pursuant to this Consent Judgment.

10 Defendant shall simultaneously transmit photocopies of evidence of
11 payment and case identifying information to the Commission's counsel in this
12 action. By making this payment, Defendant relinquishes all legal and equitable
13 right, title, and interest in such funds and no part of the funds shall be returned to
14 Defendant. The Commission shall send the funds paid pursuant to this Consent
15 Judgment to the United States Treasury.

16 The Commission may enforce the Court's judgment for penalties by the use
17 of all collection procedures authorized by law, including the Federal Debt
18 Collection Procedures Act, 28 U.S.C. § 3001 *et seq.*, and moving for civil
19 contempt for the violation of any Court orders issued in this action. Defendant
20 shall pay post judgment interest on any amounts due after 30 days of the entry of
21 this Consent Judgment pursuant to 28 U.S.C. § 1961.

22 VIII.

23 Joseph Stegmayer shall pay the total penalty due of \$1,480,000 in 5
24 installments to the Commission according to the following schedule: (1) \$296,000,
25 within 14 days of entry of this Consent Judgment; (2) \$296,000, within 90 days of
26 entry of this Consent Judgment; (3) \$296,000, within 180 days of entry of this
27 Consent Judgment; (4) \$296,000, within 270 days of entry of this Consent
28 Judgment; and (5) \$296,000, within 360 days of entry of this Consent Judgment.

1 Payments shall be deemed made on the date they are received by the Commission
2 and shall be applied first to post judgment interest, which accrues pursuant to 28
3 U.S.C. § 1961 on any unpaid amounts due after 30 days of the entry of Consent
4 Judgment. Prior to making the final payment set forth herein, Joseph Stegmayer
5 shall contact the staff of the Commission for the amount due for the final payment.

6 If Joseph Stegmayer fails to make any payment by the date agreed and/or
7 in the amount agreed according to the schedule set forth above, all outstanding
8 payments under this Consent Judgment, including post-judgment interest, minus
9 any payments made, shall become due and payable immediately at the discretion of
10 the staff of the Commission without further application to the Court.

11 IX.

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

16 X.

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

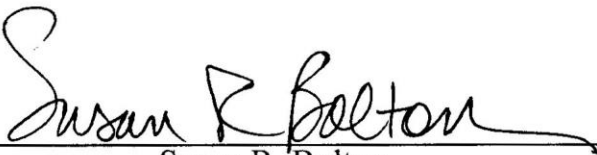
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XI.

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 Consent Judgment.

Dated this 7th day of September, 2021.



Susan R. Bolton
United States District Judge