

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF TEXAS

No. 6:23-cv-00006

Securities and Exchange Commission,
Plaintiff,

v.

Reliable One Resources, Inc. et al.,
Defendants.

**PRELIMINARY INJUNCTION AS TO
DEFENDANTS RELIABLE ONE RE-
SOURCES, INC. AND QUANTUM
FILTRATION, INC.**

On February 3, 2023, the SEC filed an unopposed motion for the court to issue a preliminary injunction as a consent decree with respect to defendants Reliable One Resources, Inc. and Quantum Filtration, Inc. Doc. 33. The Fifth Circuit has held that proposed consent decrees are entitled to a presumption of validity. *United States v. City of Miami*, 614 F.2d 1322, 1333 (5th Cir. 1980). Indeed, to grant approval to a consent decree, a trial court need only determine that the proposed decree is “not unconstitutional, unlawful, . . . contrary to public policy, or unreasonable.” *Id.* The relief to which the parties have agreed is neither unconstitutional nor unlawful. The SEC’s claims arise under the Securities Act of 1933 and the Securities and Exchange Act of 1934, both of which authorize the SEC to bring a civil action in district court to enjoin violations. 15 U.S.C. §§ 77t(a) and (b); 78(a)(1) and (d)(1). Additionally, the statutes authorize courts to impose money penalties in such actions. 15 U.S.C. §§ 77t(d); 78u(d)(3). The relief is not contrary to public policy—settlement of disagreements spares the parties needless expense and promotes judicial economy. *Aro Corp. v. Allied Witan Co.*, 531 F.2d 1368, 1372 (6th Cir. 1976) (citing *D. H. Overmeyer Co. v. Loflin*, 440 F.2d 1313 (5th Cir. 1971)). Neither has

the court seen any evidence suggesting that the proposed decree is unreasonable. For the above reasons, this motion is granted.

Having considered the SEC's motion for a preliminary injunction and brief in support of said motion, as well as the complaint, accompanying evidentiary materials, and the consents of defendants Reliable One Resources, Inc. and Quantum Filtration, Inc. ("defendants") to preliminary injunction, the court finds that the SEC has made a proper prima facie showing that: (i) defendants directly or indirectly engaged in the violations alleged in the complaint; (ii) there is a reasonable likelihood that these violations will be repeated; (iii) unless restrained and enjoined by court order, defendants may dissipate, conceal or transfer from the jurisdiction of this court assets that could be subject to an order of disgorgement or an order to pay a civil monetary penalty in this action; and (iv) entry of a preliminary injunction as set forth below is necessary and appropriate:

1.

Defendants are preliminarily enjoined from violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder 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.

As provided in Federal Rule of Civil Procedure 65(d)(2), the above paragraph also binds the following who receive actual notice of this order by personal service or otherwise: (a) defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with any defendants or with anyone described in (a).

2.

Defendants are preliminarily enjoined from violating Section 17(a) of the Securities Act of 1933 in the offer or sale of any security by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

- (a) to employ any device, scheme, or artifice to defraud;
- (b) to obtain money or property by means of any untrue statement of a material fact or any omission of a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or

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

As provided in Federal Rule of Civil Procedure 65(d)(2), the above paragraph also binds the following who receive actual notice of this order by personal service or otherwise: (a) defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with any defendants or with anyone described in (a).

3.

Except as otherwise ordered by this court, each of defendants is temporarily restrained from, directly or indirectly: destroying, mutilating, concealing, transferring, altering, or otherwise disposing of, in any manner, any documents, which includes all books, records, computer programs, computer files, computer printouts, contracts, emails, correspondence, memoranda, brochures, or any other documents of any kind in their possession, custody or control, however created, produced, or stored (manually, mechanically, electronically, or otherwise), and any accounts, account passwords, computer passwords, device PINs and passwords, cryptographic keys, or digital wallets, pertaining in any manner to defendants.

Defendants are preliminarily enjoined from violating Sections 5(a) and (c) of the Securities Act of 1933 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;
- (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 SEC 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.

As provided in Federal Rule of Civil Procedure 65(d)(2), the above paragraph also binds the following who receive actual notice of this order by personal service or otherwise: (a) defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with any defendants or with anyone described in (a).

4.

This preliminary injunction shall remain in effect until entry of a final judgment in, or other final disposition of, this action.

So ordered by the court on February 8, 2023.



J. CAMPBELL BARKER
United States District Judge