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

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

HEART TRONICS, INC., MITCHELL
JAY STEIN, WILLIE JAMES GAULT,
J. ROWLAND PERKINS, II, MARTIN
BERT CARTER, MARK CROSBY
NEVDAHL, and RYAN ALLAN
RAUCH,

Defendants,

TRACEY HAMPTON-STEIN, ARC
FINANCE GROUP, LLC, ARC BLIND
TRUST, THS BLIND TRUST, JAYMI
BLIND TRUST, OAK TREE
INVESTMENTS BLIND TRUST, WBT
INVESTMENTS BLIND TRUST,
CATCH 83 GENERAL PARTNERSHIP,
and FIVE INVESTMENTS
PARTNERSHIP,

Relief Defendants.

Case No. SACV11-1962-JVS(ANx)

**FINAL JUDGMENT AGAINST
DEFENDANT WILLIE J. GAULT
IMPOSING PERMANENT
INJUNCTIONS AND OTHER
EQUITABLE RELIEF,
DISGORGEMENT WITH
PREJUDGMENT INTEREST,
AND A CIVIL PENALTY**

Consistent with the Jury’s Verdict Against Defendant Willie J. Gault as to
Claims Four, Six and Seven (Docket No. 255) and the Court’s Order Granting
Plaintiff’s Motion for Order on Remedies and Final Judgment as to Defendant
Gault (Docket No. 385):

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that
Defendant Gault and his agents, servants, employees, attorneys, and all persons in
active concert or participation with them who receive actual notice of this

1 Judgment by personal service or otherwise are permanently restrained and
2 enjoined from violating, directly or indirectly, Section 17(a)(3) of the Securities
3 Act of 1933 (“Securities Act”) [15 U.S.C. § 77q(a)(3)] in the offer or sale of any
4 security by the use of any means or instruments of transportation or
5 communication in interstate commerce or by use of the mails to engage in any
6 transaction, practice, or course of business which operates or would operate as a
7 fraud or deceit upon the purchaser.

8 **II.**

9 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED THAT
10 Defendant Gault and his agents, servants, employees, attorneys, and all persons in
11 active concert or participation with them who receive actual notice of this
12 Judgment by personal service or otherwise are permanently restrained and
13 enjoined from violating, directly or indirectly, Section 13(b)(5) of the Securities
14 Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78m(b)(5)] by knowingly
15 circumventing or failing to implement a system of internal accounting controls or
16 knowingly falsifying any book, record, or account described in Section 13(b)(2) of
17 the Exchange Act [15 U.S.C. § 78m(b)(2)].

18 **III.**

19 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that
20 Defendant Gault and his agents, servants, employees, attorneys, and all persons in
21 active concert or participation with them who receive actual notice of this
22 Judgment by personal service or otherwise are permanently restrained and
23 enjoined from violating, directly or indirectly, Rule 13a-14 of the Exchange Act
24 [17 C.F.R. § 240.13a-14] by filing or causing to be filed any certification that is
25 false or misleading.

26 **IV.**

27 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that
28 pursuant to the Court’s inherent authority to fashion appropriate equitable relief in

1 this matter, and Section 21(d)(5) of the Exchange Act [15 U.S. Code § 78u] for
2 the benefit of investors, Defendant Gault is permanently enjoined from acting as
3 an officer or director of any issuer that has a class of securities registered pursuant
4 to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file
5 reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)]. The
6 Court retains jurisdiction for the purpose of withdrawing the bar imposed by this
7 paragraph upon a proper showing by Gault that he is rehabilitated and fit to serve
8 as an officer or director. In particular, upon notice to the Commission, Gault may
9 move the Court to lift this bar by affirmatively demonstrating that he has made
10 himself knowledgeable of the requirements of the securities laws imposed on
11 officers and directors and that he has otherwise become competent and fit to serve
12 as an officer or director. The Court will consider and decide such a motion after
13 providing the Commission a reasonable opportunity to respond and holding any
14 evidentiary hearing that may be appropriate to aid in deciding the motion.

15 **V.**

16 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that
17 Defendant Gault is liable for disgorgement of \$101,000, representing ill-gotten
18 gains causally connected to his involvement in the defrauding of an investor,
19 together with prejudgment interest in the amount of \$27,570.58. Defendant shall
20 satisfy this obligation by paying \$128,570.58 to the Securities and Exchange
21 Commission within 14 days after entry of this Judgment. Defendant may transmit
22 payment electronically to the Commission, which will provide detailed ACH
23 transfer/Fedwire instructions upon request. Payment may also be made directly
24 from a bank account via Pay.gov through the SEC website at
25 <http://www.sec.gov/about/offices/ofm.htm>. Defendant may also pay by certified
26 check, bank cashier's check, or U.S. postal money order payable to the Securities
27 and Exchange Commission, which shall be delivered or mailed to:
28

1 Enterprise Services Center
2 Accounts Receivable Branch
3 6500 South MacArthur Boulevard
4 Oklahoma City, OK 73169

5 and shall be accompanied by a letter identifying the case title, civil action number,
6 and name of this Court; Willie J. Gault as a defendant in this action; and
7 specifying that payment is made pursuant to this Final Judgment. Defendant shall
8 simultaneously transmit photocopies of evidence of payment and case identifying
9 information to the Commission's counsel of record. By making this payment,
10 Defendant relinquishes all legal and equitable right, title, and interest in such
11 funds and no part of them shall be returned to Defendant.

12 The Commission shall hold the funds (collectively, the "Fund") and may
13 propose a plan to distribute the Fund subject to the Court's approval. The Court
14 shall retain jurisdiction over the administration of any distribution of the Fund. If
15 the Commission staff determines that the Fund will not be distributed, the
16 Commission shall send the Fund to the United States Treasury.

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

22 **VI.**

23 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that
24 Defendant Gault shall pay civil penalties in the amount of \$78,000, pursuant to
25 Section 20 of the Securities Act [15 U.S.C. § 77t(d)(2)] and Section 21 of the
26 Exchange Act[15 U.S.C. § 78u(d)(3)]. Gault shall satisfy this obligation by making
27 this payment to the Securities and Exchange Commission within 14 days after entry
28 of this Judgment. He may transmit payment electronically to the Commission,
which will provide detailed ACH transfer/Fedwire instructions upon request.

1 Payment may also be made directly from a bank account via Pay.gov through the
2 SEC website at <http://www.sec.gov/about/offices/ofm.htm>. Defendant may also
3 pay by certified check, bank cashier's check, or U.S. postal money order payable to
4 the Securities and Exchange Commission, which shall be delivered or mailed to:

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6 Accounts Receivable Branch
7 6500 South MacArthur Boulevard
8 Oklahoma City, OK 73169

9 and shall be accompanied by a letter identifying the case title, civil action number,
10 and name of this Court; Willie J. Gault as a defendant in this action; and specifying
11 that payment is made pursuant to this Final Judgment. Defendant shall
12 simultaneously transmit photocopies of evidence of payment and case identifying
13 information to the Commission's counsel of record. By making this payment,
14 Defendant relinquishes all legal and equitable right, title, and interest in such funds
15 and no part of them shall be returned to Defendant.

16 The Commission shall send the civil penalty amount paid pursuant to this
17 paragraph to the United States Treasury. Defendant shall pay post-judgment
18 interest on any delinquent amounts pursuant to 28 USC § 1961.

19 **VII.**

20 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this
21 Court shall retain jurisdiction of this matter for the purposes of enforcing the
22 terms of this Judgment and all order and decrees which may be entered herein,
23 and to entertain any suitable application or motion for additional relief within the
24 jurisdiction of this Court.


25 **VIII.**

26 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, there
27 being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil
28 Procedure, the Clerk of the Court is ordered to enter this Judgment forthwith and

1 without further notice. Any remaining claims against the Defendant are dismissed
2 with prejudice pursuant to Rule 42(a)(2) of the Federal Rules of Civil Procedure.

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Dated: April 14, 2016


HONORABLE JAMES V. SELNA
UNITED STATES DISTRICT JUDGE