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**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA**

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

JAMES Y. LEE

Defendant,

and LARISSA O. ETTORE, ELX
INTERNATIONAL, INC., CLAYTON K.
LEE, ADVANCED CENTURY CORP.,
LOLITA GATCHALIAN, ULTRA
INTERNATIONAL, INC., and SOT
GROUP, INC.,

Relief Defendants.

Case No. 14-CV-0347-LAB-BGS

**FINAL JUDGMENT AS TO
DEFENDANT JAMES Y. LEE**

The Securities and Exchange Commission (“Commission”) having filed a
Complaint and Defendant James Y. Lee (“Defendant”) 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; waived findings of
fact and conclusions of law; and waived any right to appeal from this Final
Judgment:

I.

1
2 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant
3 is liable for violating, as alleged in the complaint in this matter, and is permanently
4 restrained and enjoined from violating, directly or indirectly, Section 10(b) of the
5 Securities Exchange Act of 1934 (the “Exchange Act”) [15 U.S.C. § 78j(b)] and
6 Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], by using any means
7 or instrumentality of interstate commerce, or of the mails, or of any facility of any
8 national securities exchange, in connection with the purchase or sale of any
9 security:

- 10 (a) to employ any device, scheme, or artifice to defraud;
11 (b) to make any untrue statement of a material fact or to omit to state a
12 material fact necessary in order to make the statements made, in the light of
13 the circumstances under which they were made, not misleading; or
14 (c) to engage in any act, practice, or course of business which operates or
15 would operate as a fraud or deceit upon any person.

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

22 II.

23 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED
24 that Defendant is liable for violating, as alleged in the complaint in this matter, and
25 is permanently restrained and enjoined from violating, Section 17(a) of the
26 Securities Act of 1933 (the “Securities Act”) [15 U.S.C. § 77q(a)] in the offer or
27 sale of any security by the use of any means or instruments of transportation or
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1 communication in interstate commerce or by use of the mails, directly or
2 indirectly:

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

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

15 III.

16 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED
17 that Defendant is liable for violating, as alleged in the complaint in this matter, and
18 is permanently restrained and enjoined from violating, Section 206(1) and 206(2)
19 of the Investment Advisers Act of 1940 (the "Advisers Act") [15 U.S.C. §§ 80b-
20 6(1) and 80b-6(2)], by making use of the mails or any means of instrumentality of
21 interstate commerce, in connection with the conduct of business as an investment
22 adviser:

- 23 (a) to employ devices, schemes and artifice to defraud investment
24 advisory clients and prospective clients; or
25 (b) to engage in any transaction, practice or course of business which
26 operates or would operate as a fraud or deceit upon such clients and prospective
27 clients.

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

7 IV.

8 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that
9 Defendant is liable for disgorgement of \$1,880,263, representing profits gained as
10 a result of the conduct alleged in the complaint in this matter, plus prejudgment
11 interest thereon in the amount of \$322,762.95. However, Defendant shall be
12 credited dollar-for-dollar for any payments made to satisfy the restitution order
13 imposed on Defendant in the companion criminal matter, *United States v. James*
14 *Yiu Lee*, Case No. 14-cr-2937-BEN (S.D. Cal.). Based on the prison sentence
15 imposed in *United States v. Lee*, the Commission has determined to withdraw its
16 claims for civil monetary penalties against Defendant. This Final Judgment, and
17 any payments made hereto, do not affect the disgorgement obligations, if any, of
18 any other parties to this matter.

19 V.

20 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the
21 *Consent of Defendant James Y. Lee* is incorporated herein with the same force and
22 effect as if fully set forth herein, and that Defendant shall comply with all of the
23 undertakings and agreements set forth therein.

24 IV.

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

7 VII.

8 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this
9 Court and the Magistrate Judge in this matter shall retain jurisdiction of this matter
10 for the purposes of enforcing the terms of this Final Judgment. The Magistrate
11 Judge shall retain jurisdiction over all disputes between and among the parties
12 arising out of the settlement agreement, including but not limited to interpretation
13 and enforcement of the terms of the settlement agreement.

14 VIII.

15 There being no just reason for delay, pursuant to Rule 54(b) of the Federal
16 Rules of Civil Procedure, the Clerk is ordered to enter this Final Judgment
17 forthwith and without further notice.

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19 Dated: July 15, 2016

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21 Hon. Larry A. Burns

22 United States District Judge

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