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

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

FRANKLIN M. CHU,

Defendant.

Case No. ED CV14-00995 JAK (JEMx)

**FINAL JUDGMENT AS TO
DEFENDANT FRANKLIN M. CHU**

JS-6

1 The Securities and Exchange Commission having filed a Complaint and
2 Defendant Franklin M. Chu, MD (“Defendant”) having entered a general
3 appearance; consented to the Court’s jurisdiction over Defendant and the subject
4 matter of this action; consented to entry of this Final Judgment without admitting or
5 denying the allegations of the Complaint (except as to jurisdiction); waived findings
6 of fact and conclusions of law; and waived any right to appeal from this Final
7 Judgment:

8 **I.**

9 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant
10 and Defendant’s agents, servants, employees, attorneys, and all persons in active
11 concert or participation with them who receive actual notice of this Final Judgment
12 by personal service or otherwise are permanently restrained and enjoined from
13 violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of 1934
14 (the “Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder
15 [17 C.F.R. § 240.10b-5], by using any means or instrumentality of interstate
16 commerce, or of the mails, or of any facility of any national securities exchange, in
17 connection with the purchase or sale of any security:

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

24 **II.**

25 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
26 Defendant and Defendant’s agents, servants, employees, attorneys, and all persons in
27 active concert or participation with them who receive actual notice of this Final
28 Judgment by personal service or otherwise are permanently restrained and enjoined

1 from violating Section 17(a) of the Securities Act of 1933 (the “Securities Act”) [15
2 U.S.C. § 77q(a)] in the offer or sale of any security by the use of any means or
3 instruments of transportation or communication in interstate commerce or by use of
4 the mails, directly or indirectly:

- 5 (a) to employ any device, scheme, or artifice to defraud;
- 6 (b) to obtain money or property by means of any untrue statement of a
7 material fact or any omission of a material fact necessary in order to
8 make the statements made, in light of the circumstances under which
9 they were made, not misleading; or
- 10 (c) to engage in any transaction, practice, or course of business which
11 operates or would operate as a fraud or deceit upon the purchaser.

12 **III.**

13 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant
14 is liable for disgorgement of \$34,081, representing profits gained as a result of the
15 conduct alleged in the Complaint, together with prejudgment interest thereon in the
16 amount of \$2,014, and a civil penalty in the amount of \$34,081 pursuant to Section
17 21A of the Exchange Act [15 U.S.C. § 78u-1]. Defendant shall satisfy this obligation
18 by paying \$70,176 to the Securities and Exchange Commission within 14 days after
19 entry of this Final Judgment.

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

26 Enterprise Services Center
27 Accounts Receivable Branch
28 6500 South MacArthur Boulevard
Oklahoma City, OK 73169

1 and shall be accompanied by a letter identifying the case title, civil action number,
2 and name of this Court; Dr. Franklin M. Chu as a defendant in this action; and
3 specifying that payment is made pursuant to this Final Judgment.

4 Defendant shall simultaneously transmit photocopies of evidence of payment
5 and case identifying information to the Commission's counsel in this action. By
6 making this payment, Defendant relinquishes all legal and equitable right, title, and
7 interest in such funds and no part of the funds shall be returned to Defendant. The
8 Commission shall send the funds paid pursuant to this Final Judgment to the United
9 States Treasury.

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

15 **IV.**

16 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court
17 shall retain jurisdiction of this matter for the purposes of enforcing the terms of this
18 Final Judgment.

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20 Dated: May 22, 2014

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23 JOHN A. KRONSTADT
24 UNITED STATES DISTRICT JUDGE
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