

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

ERIC W. JOHNSON,

Defendant.

No. 14-cv-8825

Hon. Edmond E. Chang

**FINAL JUDGMENT BY DEFAULT, ORDER OF PERMANENT INJUNCTION, AND
ORDER CONTINUING ASSET FREEZE AGAINST DFENDANT ERIC W. JOHNSON**

This matter coming to be heard on Plaintiff's Motion for Final Judgment by Default, Permanent Injunction, and Other Relief against Defendant Eric W. Johnson (the "Motion"), the Court, having considered the memorandum in support of the Motion and all of the evidence and the arguments of the parties, and being fully advised in the premises, hereby finds:

1. That this Court has jurisdiction over the subject matter of this case and Defendant Eric W. Johnson ("Johnson" or "Defendant").
2. That Defendant was served with the Complaint and failed to answer, plead, or otherwise respond to the Complaint filed in this action.
3. That Defendant engaged in transactions, acts, practices and courses of business which constitute violations of the federal securities laws. Specifically, Defendant engaged in transactions, acts, practices and courses of business which constitute violations of Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)], and Rule 10b-5(a) and (c) thereunder [17 C.F.R. § 240.10b-5(a) and (c)] and Section 206 of the Investment Advisers Act of 1940 (the "Advisers Act") [15 U.S.C. §80b-6].

4. That without an order permanently enjoining Defendant from violating the securities laws set forth herein, there is a substantial likelihood that he will continue to violate the federal securities laws.

5. That it is necessary and appropriate for Defendant to pay disgorgement, plus prejudgment interest, and a civil penalty, in order to make his violations of the federal securities laws unprofitable and to deter future violations.

I.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that the Motion by Plaintiff Securities and Exchange Commission is GRANTED against Defendant Eric W. Johnson.

II.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Johnson and his agents, servants, employees, attorneys, and all persons in active concert or participation with him who receive actual notice of this Order by personal service or otherwise, and each of them are permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5], 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.

III.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Johnson and his agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise are permanently restrained and enjoined from violating, directly or indirectly, Section 206 of the Advisers Act [15 U.S.C. §80b-6], while acting as an investment adviser, by use of the mails, and the means and instrumentalities of interstate commerce, directly or indirectly, from knowingly, willfully, recklessly, or negligently:

- (a) employing any device, scheme, or artifice to defraud any client or prospective client;
- (b) engaging in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any client or prospective client; or
- (c) engaging in any act, practice, or course of business which is fraudulent, deceptive, or manipulative.

IV.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Johnson shall pay disgorgement in the amount of \$1,150,000.00 and prejudgment interest in the amount of \$14,314.77 to the United States Treasury. This payment shall not be required if Johnson is ordered to pay restitution in an amount greater than or equal to \$1,164,314.77 in the parallel criminal proceedings pending before the Hon. Virginia M. Kendall (Case No. 15-CR-8, N.D. Ill.) (the “Criminal Proceeding”). If Johnson is not ordered to pay restitution in the Criminal

Proceeding or is ordered to pay restitution in an amount less than \$1,164,314.77, Johnson shall pay the difference between any restitution ordered in the Criminal Proceeding and \$1,164,314.77 to the United States Treasury. Defendant shall make any payment required under this paragraph within ten (10) business days after entry of a final sentencing order in the Criminal Proceeding by certified check, bank cashier's check, or United States postal money order payable to the Securities and Exchange Commission. Any payment required under this paragraph shall be delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Mail Stop 0-3, Alexandria, Virginia 22312, and shall be accompanied by a letter identifying Johnson as a defendant in this action; setting forth the title and civil action number of this action and the name of this Court; and specifying that payment is made pursuant to this paragraph of this Order.

V.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Johnson shall pay a civil penalty in the amount of \$150,000.00 to the United States Treasury. Defendant shall make this payment within ten (10) business days after entry of this Order by certified check, bank cashier's check, or United States postal money order payable to the Securities and Exchange Commission. The payment shall be delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Mail Stop 0-3, Alexandria, Virginia 22312, and shall be accompanied by a letter identifying Johnson as a defendant in this action; setting forth the title and civil action number of this action and the name of this Court; and specifying that payment is made pursuant to this paragraph of this Order.

VI.

IT IS HEREBY ORDERED that until the completion of the collections process or as otherwise ordered by the Court:

- (a) All funds and other assets of all of Defendant shall remain frozen.
- (b) Accordingly, the Johnson and his agents, servants, employees, attorneys and those persons in active concert or participation with any one or more of them, and each of them, who receive notice of the Order or of the terms of the asset freeze provisions contained herein are hereby restrained from, directly or indirectly, withdrawing, transferring, selling, pledging, encumbering, assigning, dissipating, concealing or otherwise disposing of, in any manner, any funds, assets, accounts or other property belonging to any Defendant.
- (c) Any bank, financial or brokerage institution or other person or entity holding any such funds or other assets referred to in this Order, in the name of, for the benefit of, or under the control of the Defendant which receives notice of this Order or of the terms of the asset freeze provisions contained herein, shall hold and retain within its control, and shall prohibit the withdrawal, removal, transfer, disposition, pledge, encumbrance, assignment, set off, sale, liquidation, dissipation, concealment, or other disposal of, any such funds or other assets.

VII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court shall retain jurisdiction over this action for all purposes, including to implement and enforce the terms of this Order; and all other orders and decrees which may have been or may be entered in this case, and to grant such relief as this Court may deem necessary and just.

There being no just reason for delay, the Clerk of the Court is directed, pursuant to Rule

54(b) of the Federal Rules of Civil Procedure, to enter this Order forthwith.

Dated: April 16, 2015

Edmond G. Chang

UNITED STATES DISTRICT JUDGE