

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

SECURITIES AND EXCHANGE COMMISSION,)	
)	
Plaintiff,)	
)	
v.)	Case No. 1:14-civ-11858-NMG
)	
TELEXFREE, INC.,)	
TELEXFREE, LLC,)	
JAMES M. MERRILL,)	
CARLOS N. WANZELER,)	
STEVEN M. LABRIOLA,)	
JOSEPH H. CRAFT,)	
SANDERLEY RODRIGUES DE VASCONCELOS,)	
SANTIAGO DE LA ROSA,)	
RANDY CROSBY and)	
FAITH R. SLOAN,)	
)	
Defendants,)	
)	
and)	
)	
TELEXFREE FINANCIAL, INC.,)	
TELEXELECTRIC, LLLP and)	
TELEX MOBILE HOLDINGS, INC.,)	
)	
Relief Defendants.)	

FINAL JUDGMENT AS TO DEFENDANT JOSEPH H. CRAFT

The Securities and Exchange Commission, having filed a Complaint, and Defendant Joseph H. Craft (“Craft” or “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; and Defendant having admitted to the facts set forth in Annex A to the Consent of Joseph H. Craft (“the Consent”); and the Consent and Annex A being hereby incorporated by reference with the same force and effect as if fully set forth herein.

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant is permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. §78j(b)] and Rule 10b-5 promulgated 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.

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

II.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is permanently restrained and enjoined from violating Section 17(a) of the Securities Act of 1933 (the "Securities Act") [15 U.S.C. §77q(a)] 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.

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

III.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is permanently restrained and enjoined from violating Section 5 of the Securities Act [15 U.S.C. §77e] 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; or

- (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 Commission 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 [15 U.S.C. §77h].

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

IV.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant is enjoined from offering, operating, or participating in any marketing or sales program in which a participant is compensated or promised compensation solely or primarily (1) for inducing another person to become a participant in the program, or (2) if such induced person induces another to become a participant in the program.

V.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)] and Section 20(e) of the Securities

Act [15 U.S.C. § 77t(e)]], Defendant is prohibited for five years following the date of entry of this Final Judgment, from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

VI.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is liable for disgorgement of \$272,812, representing profits gained as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$25,896, for a total of \$298,708. Defendant is also liable for a civil penalty in the amount of \$50,000, pursuant to Section 20(d)(2) of the Securities Act and Section 21(d)(3) of the Exchange Act [15 U.S.C. §77t(d)(2); 15 U.S.C. §78u(d)(3)]. Pursuant to Section 308(a) of Sarbanes-Oxley Act of 2002, as amended by the Dodd Frank Act of 2010, a Fair Fund is established for the disgorgement, prejudgment interest, and penalties referenced in this paragraph for distribution to harmed investors. The disgorgement and prejudgment interest amounts owed will be reduced dollar-for-dollar by the value of the assets transferred to Stephen Darr, the Chapter 11 Trustee of TelexFree LLC, TelexFree, Inc., and TelexFree Financial, Inc. (the “Trustee”), pursuant to the terms of this Judgment and the terms of the Settlement Agreement by and among Craft, the SEC, and the Trustee filed in the adversary case entitled *Darr v. Craft Financial Solutions, LLC*, Adv. Proc. 16-04035, presently pending in the United States Bankruptcy Court for the District of Massachusetts as part of In re TelexFree, Inc., Case 14-40987 (Bankr. D. Mass.) (“the TelexFree bankruptcy”) as well as deemed satisfied by \$22,840.33 as forfeitable as part of the criminal case *USA v. Wanzeler*, 24-CV-40028-TSH (D. Mass.). The civil penalty amount owed will be reduced dollar-for-dollar by the value of the assets transferred to the Trustee above that amount

necessary to satisfy the disgorgement and prejudgment interest amounts ordered in this Judgment. Within 60 days of this judgment, Craft is responsible to pay any amount of the judgment not otherwise satisfied to the bankruptcy trustee.

VII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, within thirty (30) days of entry of this Final Judgment, the following institutions shall transfer to the Trustee all assets held in the following fourteen accounts:

#	Name(s) on Account	Bank	Account No.
1	Joseph and Audie Craft	Bank of America	xxxxxxxx8903
2	Craft Accounting Services	Bank of America	xxxxxxxx9545
3	DBA Craft Accounting Services	Bank of America	xxxxxxxx9943
4	The Lakewood Trust	Bank of America	xxxxxxxx5784
5	Genesis International Enterprises	Bank of America	xxxxxxxx8610
6	BWFC Processing Center LLC	Banterra Bank	xxxx5292
7	Oak Revocable Trust	Banterra Bank	xxxx5446
8	Ace LLP	Banterra Bank	xxxx0903
9	Southern Wholesale Media	Banterra Bank	xxxx6464
10	Craft Trust Services LLC	Banterra Bank	xxxx6545
11	Joseph and Audie Craft	Banterra Bank	xxxx2688
12	Benjamin P Craft or Audra or Joseph H Craft	Banterra Bank	xxxx3330
13	Joseph Craft	Wells Fargo	xxxxxx7493
14	Joseph Craft	Wells Fargo	xxxxxx0984

VIII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that counsel for Defendant turn over to the Trustee in bankruptcy all funds held in the Dwyer LLC IOLTA account held for the benefit of Defendant, ending in 9024..

IX.

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

X.

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

Dated: Sept. 11, 2017


UNITED STATES DISTRICT JUDGE