

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

_____)	
SECURITIES AND EXCHANGE COMMISSION,)	
)	
Plaintiff,)	
)	
v.)	Case No. 1:14-civ-11858-NMG
)	
TELEXFREE, INC. <i>et al.</i> ,)	
)	
Defendants,)	
)	
and)	
)	
TELEXFREE FINANCIAL, INC. <i>et al.</i> ,)	
)	
Relief Defendants.)	
_____)	

FINAL JUDGMENT AS TO DEFENDANT FAITH SLOAN

The Securities and Exchange Commission having filed a Complaint and Defendant Faith Sloan (“Sloan” 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 Faith Sloan (“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 ORDERED, ADJUDGED, AND DECREED that Sloan is permanently restrained and enjoined from violating Section 5 of the Securities Act of 1933 (“Securities Act”) [15 U.S.C.

§77e] by, directly or indirectly, in the absence of any applicable exemption:

(a) 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 unless a registration statement is in effect as to a security;

(b) 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 unless a registration statement is in effect as to a security, 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) Sloan's officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Sloan or with anyone described in (a).

II.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Sloan 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.

III.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Sloan is liable to pay disgorgement in the amount of \$ 650,334, representing profits gained as a result of her violation of Section 5 of the Securities Act, together with prejudgment interest thereon in the amount of \$120,621, for a total disgorgement obligation of \$770, 955, and that Sloan is also liable to pay a civil penalty in the amount of \$7,500, pursuant to Section 20(d)(1) of the Securities Act [15 U.S.C. §77t(d)(1)]. Of that amount \$31, 058 shall be deemed satisfied by payments described below in sections VI and VII. Sloan shall satisfy her remaining obligation to pay disgorgement, prejudgment interest, and a civil penalty within 14 days after entry of this Judgment.

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

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

and shall be accompanied by a letter identifying the case title, civil action number, and name of

this Court, identifying Sloan as a defendant in this action, and specifying that payment is made pursuant to this Judgment. Sloan shall simultaneously transmit photocopies of evidence of the payment and case identifying information to the Commission's counsel in this action:

Deena R. Bernstein
U.S. Securities and Exchange
Boston Regional Office
33 Arch St, 24th Floor
Boston, MA 02110.

By making payment in accordance with this paragraph Sloan relinquishes all legal and equitable right, title, and interest in such funds, and no part of the funds shall be returned to her. The Commission shall send the funds paid pursuant to this Judgment to the United States Treasury. Sloan shall pay post-judgment interest on any delinquent amounts pursuant to 28 U.S.C. §1961.

V.

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, pre-judgment interest, and penalties referenced in this paragraph for distribution to harmed investors. \$31,058 of the judgment shall be deemed satisfied upon compliance with the terms of this Judgment and with the terms of the Settlement Agreement by and among Sloan, and Stephen Darr, the Chapter 11 Trustee of TelexFree LLC, TelexFree, Inc., and TelexFree Financial, Inc. (the "Trustee") filed in the adversary case entitled *Darr v. Benjamin Argueta et al.*, Adv. Proc. 16-04032, presently pending in the United States Bankruptcy Court for the District of Massachusetts as part of *In re TelexFree, Inc.*, Case 14-04006 (Bankr. D.Mass.) ("the TelexFree bankruptcy"). "The Trustee

shall not assess any costs or expenses against the assets recovered pursuant to this settlement, other than the Trustee’s commission, and the fees and expenses associated with the liquidation and distribution of the assets and proceeds thereof recovered in the settlement, including reasonable attorneys’ fees.” No other administrative claims shall be charged against the funds attributable to the SEC's claim.

VI.

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 accounts unless otherwise denoted:

#	Name(s) on Account	Bank	Account No.	Amount
1	Faith Sloan	Bank of America	xxx2437	All funds in account

VII

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that counsel for Defendant turn over to the Trustee \$30,000 held in escrow by defendant’s counsel.

VIII.

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.

VII

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 Judgment forthwith and without further notice.

Dated: June 3, 2019

Nathaniel M. Gorton
UNITED STATES DISTRICT JUDGE