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**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF ARIZONA**

Securities and Exchange Commission,	)	No. CV-15-609-PHX-SMM
Plaintiff,	)	<b>FINAL JUDGMENT AS TO DEFENDANTS TERRY W. JOHNSON, RAYMON G. CHADWICK, JR., INNOVATIVE GROUP, PMA, PREMIER GROUP, PMA, AND PROSPERITY GROUP, PMA</b>
v.	)	
Janus Spectrum LLC, et al.,	)	
Defendants.	)	

Pending before the Court is Plaintiff Securities and Exchange Commission’s (“SEC” or “Commission”) Motion for Final Judgment Setting Amounts of Disgorgement, Prejudgment Interest, and Civil Penalties against Defendants Terry W. Johnson (“Johnson”) and Raymon G. Chadwick, Jr. (“Chadwick”). (Doc. 163.) The SEC seeks to set the amount of disgorgement for Johnson and Chadwick at \$1,334,580, together with prejudgment interest, \$165,641, and in addition civil penalties against Johnson and Chadwick in the amount of \$480,000 against each of them. The SEC states that it does not seek and releases its claims for disgorgement, prejudgment interest, and civil penalties against the settling corporate defendants, Defendant Innovative Group, PMA, Defendant Premier Group, PMA, and Defendant Prosperity Group, PMA. (Doc. 163-1 at 5.)(Unless otherwise stated, Johnson, Chadwick, and the corporate defendants will be referred to collectively as “Defendants”). Against the settling corporate defendants, the SEC only seeks relief in the permanent injunctions to which the settling corporate defendants have already consented (Docs. 109-111) and the Court having entered its Judgment against them (Docs. 116-118).

1 The motion is fully briefed (Docs. 180, 182), and it will be granted.

2 The record in this case establishes the following. The SEC filed a Complaint against  
3 Defendants. Defendants entered general appearances and consented to the Court's  
4 jurisdiction over them and the subject matter of this action. (Doc. 65.)

5 The two individual defendants, Johnson and Chadwick, and the three corporate  
6 defendants they controlled have already settled as to liability (Docs. 107-111), and the Court  
7 has entered Judgment (Docs. 114-118). Defendants consented to entry of Judgment without  
8 admitting or denying the allegations of the Complaint (except as to jurisdiction and except  
9 as otherwise stated *infra* at Section VI); waived findings of fact and conclusions of law; and  
10 waived any right to appeal from Judgment. (*Id.*)

11 The SEC's current motion addresses the monetary relief it asks the Court to impose  
12 against the settling individual defendants, Johnson and Chadwick, and further states that it  
13 releases its claims for disgorgement, prejudgment interest, and civil penalties against the  
14 settling corporate defendants, Innovative Group, Premier Group, and Prosperity Group. (Doc.  
15 163-1 at 5.) Against the settling corporate defendants, the SEC only seeks relief in the  
16 permanent injunctions to which the settling corporate defendants have already consented  
17 (Docs. 109-111) and the Court having entered Judgment against them (Docs. 116-118).

18 In support of its request to set the amount of disgorgement for Johnson and Chadwick  
19 at \$1,334,580, together with prejudgment interest, \$165,641, and in addition civil penalties  
20 against Johnson and Chadwick in the amount of \$480,000 against each of them, the SEC has  
21 established the following:

- 22 • By the terms of their consents (Docs. 107-111) and the judgments entered  
23 against them (Docs. 114-118), the following facts alleged in the SEC's  
24 complaint cannot be disputed by Johnson and Chadwick, and these facts are  
25 deemed true by the Court in deciding the SEC's motion for monetary relief.  
26 (Doc. 107 at 2, Doc. 108 at 2.)
- 27 • From December 2012 to October 2013, Johnson and Chadwick raised  
28 approximately \$3,859,600 through at least three offerings of membership

1 interests issued by Innovative Group, Premier Group, and Prosperity Group  
2 from 201 investors nationwide. (Doc. 105 at 19; Doc. 185 at 16-23; Docs. 187-  
3 3 thru 187-9.)

- 4 • Johnson and Chadwick sent the materially false and misleading “Money from  
5 Thin Air” video to potential investors. (Doc. 105 at 23.) Johnson and  
6 Chadwick both knew, or were reckless or negligent in not knowing, that the  
7 representations in the video concerning the use of the 800 MHz license by  
8 major wireless carriers were false. (Id. at 23-24.) They both ignored red flags  
9 created by questions from investors and potential investors regarding the  
10 ability of major wireless carriers to use the 800 MHz spectrum. (Id.) Johnson’s  
11 and Chadwick’s knowledge of the falsity of the representations in the video are  
12 imputed to their entities. (Id. at 24.)
- 13 • Johnson and Chadwick made additional misrepresentations and omitted  
14 material facts in emails to investors. (Id. at 24-25.) In a solicitation email that  
15 went to potential investors in the Innovative Group offering, Johnson and  
16 Chadwick falsely stated “[a] little more detail on the 800mhz spectrum that is  
17 being released to the public via 02-55 here....Once re-banding is complete and  
18 the public notices go out and we receive our licenses, our plan is to go back to  
19 Sprint and negotiate a lease back to them.” (Id.) Johnson and Chadwick failed  
20 to disclose, in this email or ever, that 800 MHz spectrum in the Expansion  
21 Band and Guard Band could not be used by major wireless carriers for their  
22 cellular systems. (Id.)
- 23 • Neither Johnson nor Chadwick investigated or researched the questions they  
24 received from investors and potential investors regarding the ability of major  
25 wireless carriers to use the 800 MHz spectrum. (Id. at 25.)
- 26 • Pursuant to the consents entered into by Johnson and Chadwick (Docs. 107  
27 and 108), the judgments entered against Johnson and Chadwick ordered that  
28 “Defendant[s] shall pay disgorgement of ill-gotten gains, prejudgment interest



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

7 **IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that, as provided

8 in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following

9 who receive actual notice of this Final Judgment by personal service or otherwise: (a)

10 Defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in

11 active concert or participation with Defendants or with anyone described in (a).

12 **II.**

13 **IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Defendants are

14 permanently restrained and enjoined from violating Section 17(a) of the Securities Act of

15 1933 (the "Securities Act"), 15 U.S.C. § 77q(a), in the offer or sale of any security by the use

16 of any means or instruments of transportation or communication in interstate commerce or

17 by use of the mails, directly or indirectly:

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

25 **IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that, as provided

26 in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following

27 who receive actual notice of this Final Judgment by personal service or otherwise: (a)

28 Defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in

1 active concert or participation with Defendants or with anyone described in (a).

2 **III.**

3 **IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Defendants are  
4 permanently restrained and enjoined from violating Section 5 of the Securities Act, 15 U.S.C.  
5 § 77e, by, directly or indirectly, in the absence of any applicable exemption:

6 (a) Unless a registration statement is in effect as to a security, making use  
7 of any means or instruments of transportation or communication in  
8 interstate commerce or of the mails to sell such security through the use  
9 or medium of any prospectus or otherwise;

10 (b) Unless a registration statement is in effect as to a security,  
11 carrying or causing to be carried through the mails or in interstate  
12 commerce, by any means or instruments of transportation, any such  
13 security for the purpose of sale or for delivery after sale; or

14 (c) Making use of any means or instruments of transportation or  
15 communication in interstate commerce or of the mails to offer to sell or  
16 offer to buy through the use or medium of any prospectus or otherwise  
17 any security, unless a registration statement has been filed with the  
18 Commission as to such security, or while the registration statement is  
19 the subject of a refusal order or stop order or (prior to the effective date  
20 of the registration statement) any public proceeding or examination  
21 under Section 8 of the Securities Act, 15 U.S.C. § 77h.

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

27 **IV.**

28 **IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Defendants

1 Johnson and Chadwick are permanently restrained and enjoined from violating, directly or  
2 indirectly, Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a), which makes it unlawful  
3 for any broker or dealer which is either a person other than a natural person or a natural  
4 person, to make use of the mails or any means or instrumentality of interstate commerce to  
5 effect any transactions in, or to induce or attempt to induce the purchase or sale of, any  
6 security (other than an exempted security or commercial paper, bankers' acceptances, or  
7 commercial bills) unless such broker or dealer is registered in accordance with Section 15(b)  
8 of the Exchange Act, 15 U.S.C. § 78o(b).

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

15 **V.**

16 **IT IS FURTHER ORDERED, ADJUGED, AND DECREED** that: (1) Defendants  
17 Johnson and Chadwick are liable, jointly and severally, for disgorgement of \$1,334,580,  
18 representing profits gained as a result of the conduct alleged in the Complaint, together with  
19 prejudgment interest thereon in the amount of \$165,641, for a total of \$1,500,221; and (2)  
20 Defendants Johnson and Chadwick are each liable for a civil penalty of \$480,000 pursuant  
21 to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d) and Section 21(d)(3) of the  
22 Exchange Act, 15 U.S.C. § 78u(d)(3). Defendants Johnson and Chadwick shall satisfy these  
23 obligations by paying disgorgement and prejudgment interest of \$1,500,221, for which they  
24 are jointly and severally liable, in addition to civil penalties of \$480,000 each, to the  
25 Securities and Exchange Commission within 14 days after entry of this Final Judgment.

26 Defendants Johnson and Chadwick may transmit payment electronically to the SEC,  
27 which will provide detailed ACH transfer/Fedwire instructions upon request. Payment may  
28 also be made directly from a bank account via Pay.gov through the SEC website at







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**VII.**

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

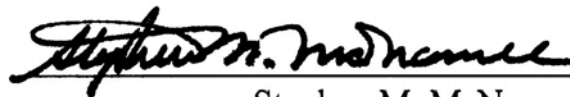
**VIII.**

**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.

**IX.**

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

DATED this 26th day of April, 2017.



\_\_\_\_\_  
Stephen M. McNamee  
Senior United States District Judge