

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

GC RESOURCES, LLC and BRIAN J. POLITO,

Defendants.

Case No. 3:15-CV-01048-B

AGREED FINAL JUDGMENT

The Securities and Exchange Commission filed a Complaint and Defendants GC Resources, LLC (“GCR”) and Brian J. Polito (“Polito”) (together, “Defendants”): entered a general appearance; consented to the Court’s jurisdiction over Defendants and the subject matter of this action; consented to entry of this Agreed Final Judgment (“Judgment”); waived findings of fact and conclusions of law; waived any right to appeal from this Judgment; admitted the facts set forth in the Defendants’ Consent; and acknowledged that Polito’s conduct violated the federal securities laws. Therefore:

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendants and Defendants’ agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Judgment by personal service or otherwise are 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; or
- (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.

II.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that

Defendants and Defendants' agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Judgment by personal service or otherwise are permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of the of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240], 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; or
- (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 FURTHER ORDERED, ADJUDGED, AND DECREED that

Defendants and Defendants' agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Judgment by personal service

or otherwise are 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].

IV.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Polito is permanently barred from directly or indirectly participating in the issuance, offer, or sale of any security; provided, however, that such injunction shall not prevent Polito from purchasing or selling securities for his own account.

V.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Polito is permanently barred from participating, directly or indirectly, in the issuance, purchase, offer, or sale of any oil and gas related securities offering, including: acting as a manager, administrator, promoter, finder, consultant, agent or other person who engages in activities with a broker, dealer or issuer for purposes of the issuance of interests in oil and gas investments, or inducing or attempting to induce the purchase or sale of any interest in oil and gas investments; provided,

however, that such injunction shall not prevent Polito from purchasing or selling securities for his own account.

VI.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants are liable, jointly and severally, for disgorgement of \$8,768,351.70, representing profits gained as a result of the conduct alleged in the Complaint. Based on the orders and Final Judgment entered against Polito in the parallel criminal case *United States v. Polito*, Case No. 3:15-cr-124-P (N.D. Tex. [Dallas]) (the "Criminal Matter"), Defendants' disgorgement obligation is deemed satisfied, and the Court is not imposing civil penalties. Following Polito's guilty plea, the Court in the Criminal Matter ordered Polito pay restitution in the amount of \$8,768,351.70 and sentenced him to 84 months in prison.

VII.

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

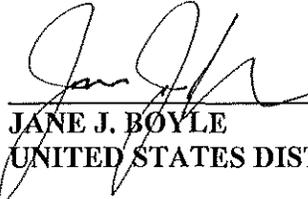
IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Judgment.

IX.

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.

SO ORDERED.

Dated: 5/7/18



JANE J. BOYLE
UNITED STATES DISTRICT JUDGE

Agreed to form:

s/Cam Zachry

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