

UNITED STATES DISTRICT COURT  
DISTRICT OF MARYLAND

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U.S. DISTRICT COURT  
DISTRICT OF MARYLAND

2019 FEB -6 P 5:28

CLERK'S OFFICE  
AT GREENBELT  
BY SV DEPUTY

SECURITIES AND EXCHANGE COMMISSION,

*Plaintiff,*

v.

NORTH STAR FINANCE, LLC, THOMAS G.  
ELLIS, YASUO ODA, THOMAS H. VETTER,  
MICHAEL K. MARTIN, SHARON L. SALINAS,  
CAPITAL SOURCE FUNDING, LLC, and  
CAPITAL SOURCE LENDING, LLC,

*Defendants,*

C.A. No. 8:15cv1339-GJH

and

GOODWILL FUNDING INC. and CHAREL  
WINSTON,

*Relief Defendants.*

**JUDGMENT AS TO DEFENDANTS  
SHARLON L. SALINAS AND CAPITAL SOURCE FUNDING, LLC**

The Securities and Exchange Commission having filed a Complaint and SHARON L. SALINAS (“Salinas”) and CAPITAL SOURCE FUNDING, LLC (“CSF”) (collectively, “Defendants”) having entered a general appearance; consented to the Court’s jurisdiction over Defendants and the subject matter of this action; consented to entry of this Judgment without admitting or denying the allegations of the Complaint (except as to jurisdiction and except as otherwise provided herein in paragraph IX); waived findings of fact and conclusions of law; and waived any right to appeal from this Judgment:

**I.**

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Salinas and CSF are 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 Judgment by personal service or otherwise: (a) Defendants' officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendants or with anyone described in (a).

**II.**

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Salinas and CSF 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;
- (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 Judgment by personal service or otherwise: (a) Defendants' 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 HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Salinas 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 Judgment by personal service or otherwise: (a) Salinas' officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Salinas or with anyone described in (a).

#### IV.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Salinas and CSF are permanently restrained and enjoined from directly or indirectly participating in the issuance, offer, or sale of any security, including but not limited to bank guarantees, irrevocable bank undertaking letters, joint venture agreements, proofs of funds, medium term notes, standby

letters of credit, and similar instruments, with the exception of the purchase or sale of securities listed on a national securities exchange.

**V.**

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Salinas is liable for disgorgement of \$28,573, representing profits gained as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$4,081, and a civil penalty in the amount of \$32,654 pursuant to Section 20(d) of the Securities Act [15 U.S.C. §77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. §§ 78u(d)(3)], for a total payment of \$65,308. Salinas' total payment of \$65,308 shall be satisfied from the funds currently frozen by an Order of this Court in accounts at Wells Fargo and Bank of America under the name of Salinas and Awolf Venture Capital, as identified in paragraph VII below.

**VI.**

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that CSF is liable for disgorgement of \$1,523,087, plus prejudgment interest thereon in the amount of \$217,758, for a total of \$1,740,845. In partial satisfaction of this amount, all of the funds of CSF currently frozen by an Order of this Court in accounts at Wells Fargo and Bank of America shall be transmitted to the Commission, as identified in paragraph VII below. No civil penalty is being imposed against CSF due to its financial condition and corporate status. Salinas shall not be liable for the disgorgement and prejudgment interest obligations imposed against CSF by this Judgment.

**VII.**

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that within 3 days after being served with a copy of this Final Judgment, Wells Fargo and Bank of America shall transfer to the Commission the entire balances of the following accounts which were frozen pursuant to an Order of this Court.

Wells Fargo shall transmit to the Commission the entire balances of the funds in the following accounts:

<b>Account Name</b>	<b>Acct. Ending in:</b>
Sharon L. Salinas	0568
Sharon L. Salinas	6187
Sharon L. Salinas	8696
Sharon L. Salinas DBA Awolf Venture Capital	8712
Sharon L. Salinas DBA Awolf Venture Capital	2465
Sharon L. Salinas DBA Awolf Venture Capital	2457
Sharon L. Salinas DBA Capital Source Funding	2473
Sharon L. Salinas DBA Capital Source Funding	6357

Bank of America shall transmit to the Commission the entire balances of the funds in the following accounts:

<b>Account Name</b>	<b>Acct. Ending in:</b>
Sharon Leslie Salinas Sol Prop DBA Awolf Venture Capital "Operating Account"	0651
Capital Source Funding LLC "Operating Account"	0680
Capital Source Funding LLC "In-Trust Account"	0693

The Bank of America account ending in 0648 in the name of Sharon Leslie Salinas Sol Prop DBA Awolf Venture Capital "In-Trust Account," which has no funds, is released from the asset freeze.

Wells Fargo and Bank of America may transmit payments electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request.



Payment may also be made directly from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>. Wells Fargo and Bank of America also may transfer these funds 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; and specifying that payment is made pursuant to this Final Judgment.

The Commission shall hold the funds, together with any interest and income earned thereon (collectively, the "Fund"), pending further order of the Court. The Commission may propose a plan to distribute the Fund subject to the Court's approval. Such a plan may provide that the Fund shall be distributed pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002. The Court shall retain jurisdiction over the administration of any distribution of the Fund. If the Commission staff determines that the Fund will not be distributed, the Commission shall send the funds paid pursuant to this Final Judgment to the United States Treasury.

Regardless of whether any such Fair Fund distribution is made, amounts ordered to be paid as civil penalties pursuant to this Judgment shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Salinas shall not, after offset or reduction of any award of compensatory damages in any Related Investor Action based on Salinas' payment of disgorgement in this action, argue that she is entitled to, nor shall she further benefit by, offset or reduction of such compensatory

damages award by the amount of any part of Salinas' payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Salinas shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the United States Treasury or to a Fair Fund, as the Commission directs. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this Judgment. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Salinas by or on behalf of one or more investors based on substantially the same facts as alleged in the Complaint in this action.

**VIII.**

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Consent is incorporated herein with the same force and effect as if fully set forth herein, and that Defendants shall comply with all of the undertakings and agreements set forth therein.

**IX.**

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 Salinas, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Salinas 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 Salinas 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).



**X.**

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.

**XI.**

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: February 6, 2019

  
UNITED STATES DISTRICT JUDGE