

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

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SECURITIES AND EXCHANGE COMMISSION	:
	:
Plaintiff,	:
	:
v.	:
	:
JASON W. GALANIS, JOHN P. GALANIS, JARED M. GALANIS, DEREK M. GALANIS, GARY T. HIRST, and GAVIN L. HAMELS,	:
	:
Defendants.	:
-----X	

**15 Civ. 7547 (VSB)
ECF Case**

~~PROPOSED~~ FINAL JUDGMENT AS TO DEFENDANT JARED M. GALANIS

The Securities and Exchange Commission having filed a Complaint and Defendant Jared M. Galanis (“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:

I.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is permanently restrained and enjoined from violating Section 5 of the Securities Act of 1933 [15 U.S.C. § 77e] (“Securities Act”) 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).

II.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is liable for disgorgement of \$207,500, representing profits gained as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$37,699.46.

Defendant shall satisfy this obligation by paying \$245,199.46 to the Securities and Exchange Commission pursuant to the terms of the payment schedule set forth in paragraph III below after entry of this Final Judgment.

Defendant may transmit payment 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>. Defendant 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; Jared Galanis as a defendant in this action; and specifying that payment is made pursuant to this Final Judgment.

Defendant shall simultaneously transmit photocopies of evidence of payment and case identifying information to the Commission's counsel in this action. By making this payment, Defendant relinquishes all legal and equitable right, title, and interest in such funds and no part of the funds shall be returned to Defendant. The Commission shall send the funds paid pursuant to this Final Judgment to the United States Treasury.

The Commission may enforce the Court's judgment for disgorgement and prejudgment interest by moving for civil contempt (and/or through other collection procedures authorized by law) at any time after 14 days following entry of this Final Judgment. Defendant shall pay post judgment interest on any delinquent amounts pursuant to 28 U.S.C. § 1961.

III.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant shall pay the total of disgorgement and prejudgment interest due of \$233,199.46 in 36 installments to the Commission according to the following schedule: (1) \$1,000, within 14 days of entry of this Final Judgment; (2) eleven (11) installment payments of \$1,000 every thirty days thereafter; (3) twenty-three (23) installment payments of \$2,000 every thirty days after the twelfth (12th) installment payment; (4) and \$187,199.46 for the final installment payment, plus the amount of post-judgment interest on the unpaid disgorgement and prejudgment interest amounts accrued during the installment payment period. Payments shall be deemed made on the date they are received by the Commission and shall be applied first to post judgment interest, which accrues pursuant to 28 U.S.C. § 1961 on any unpaid amounts due after 14 days of the entry of Final Judgment. Prior to making the final payment set forth herein, Defendant shall contact the staff of the Commission for the amount due for the final payment.

If Defendant fails to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Final Judgment, including post-judgment interest, minus any payments made, shall become due and payable immediately at the discretion of the staff

IV.

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 Defendant shall comply with all of the undertakings and agreements set forth therein.

V.

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


VI.

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 Final Judgment forthwith and without further notice.

Dated: August 9, 2018


Vernon S. Broderick
United States District Judge

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X	
SECURITIES AND EXCHANGE COMMISSION,	:
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JASON W. GALANIS, JOHN P. GALANIS, JARED M. GALANIS, DEREK M. GALANIS, GARY T. HIRST, and GAVIN L. HAMELS,	:
	:
Defendants.	:
-----X	

**15 Civ. 7547 (VSB)
ECF Case**

CONSENT OF DEFENDANT JARED M. GALANIS

1. Defendant Jared M. Galanis ("Defendant") acknowledges having been served with the complaint in this action, enters a general appearance, and admits the Court's jurisdiction over Defendant and over the subject matter of this action.

2. Defendant has pleaded guilty to criminal conduct relating to certain matters alleged in the complaint in this action. Specifically, in *United States v. Jared Galanis*, 15 Cr. 0643 (PKC) (S.D.N.Y.) ("*United States v. Galanis*"), Defendant pleaded guilty to one count of Misprision of Felony, 18 U.S.C. § 4. In connection with that plea, Defendant admitted the facts set out in the transcript of his plea allocution that is attached as Exhibit A to this Consent. This Consent shall remain in full force and effect regardless of the existence or outcome of any further proceedings in *United States v. Galanis*.

3. Defendant hereby consents to the entry of the final Judgment in the form attached hereto (the "Final Judgment") and incorporated by reference herein, which, among other things:

- (a) permanently restrains and enjoins Defendant from violation of Section 5 of the Securities Act of 1933 ("Securities Act"), 15 U.S.C. § 77e; and

(b) orders Defendant to pay disgorgement in the amount of \$207,500, plus prejudgment interest thereon in the amount of \$ \$37,699.46.

4. Defendant waives the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure.

5. Defendant waives the right, if any, to a jury trial and to appeal from the entry of the Final Judgment.

6. Defendant enters into this Consent voluntarily and represents that no threats, offers, promises, or inducements of any kind have been made by the Commission or any member, officer, employee, agent, or representative of the Commission to induce Defendant to enter into this Consent.

7. Defendant agrees that this Consent shall be incorporated into the Final Judgment with the same force and effect as if fully set forth therein.

8. Defendant will not oppose the enforcement of the Final Judgment on the ground, if any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure, and hereby waives any objection based thereon.

9. Defendant waives service of the Final Judgment and agrees that entry of the Final Judgment by the Court and filing with the Clerk of the Court will constitute notice to Defendant of its terms and conditions. Defendant further agrees to provide counsel for the Commission, within thirty days after the Final Judgment is filed with the Clerk of the Court, with an affidavit or declaration stating that Defendant has received and read a copy of the Final Judgment.

10. Consistent with 17 C.F.R. § 202.5(f), this Consent resolves only the claims asserted against Defendant in this civil proceeding. Defendant acknowledges that no promise or representation has been made by the Commission or any member, officer, employee, agent, or

representative of the Commission with regard to any criminal liability that may have arisen or may arise from the facts underlying this action or immunity from any such criminal liability. Defendant waives any claim of Double Jeopardy based upon the settlement of this proceeding, including the imposition of any remedy or civil penalty herein. Defendant further acknowledges that the Court's entry of a permanent injunction may have collateral consequences under federal or state law and the rules and regulations of self-regulatory organizations, licensing boards, and other regulatory organizations. Such collateral consequences include, but are not limited to, a statutory disqualification with respect to membership or participation in, or association with a member of, a self-regulatory organization. This statutory disqualification has consequences that are separate from any sanction imposed in an administrative proceeding. In addition, in any disciplinary proceeding before the Commission based on the entry of the injunction in this action, Defendant understands that he shall not be permitted to contest the factual allegations of the complaint in this action.

11. Defendant understands and agrees to comply with the terms of 17 C.F.R. § 202.5(e), which provides in part that it is the Commission's policy “not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegations in the complaint or order for proceedings.” As part of Defendant’s agreement to comply with the terms of Section 202.5(e), Defendant acknowledges the guilty plea for related conduct described in paragraph 2 above, and: (i) will not take any action or make or permit to be made any public statement denying, directly or indirectly, any allegation in the complaint or creating the impression that the complaint is without factual basis; (ii) will not make or permit to be made any public statement to the effect that Defendant does not admit the allegations of the complaint, or that this Consent contains no admission of the allegations; (iii) upon the filing of


this Consent, Defendant hereby withdraws any papers filed in this action to the extent that they deny any allegation in the complaint; and (iv) stipulates for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. § 523, that the allegations in the complaint are true, and further, that any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Defendant under the 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 Defendant 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). If Defendant breaches this agreement, the Commission may petition the Court to vacate the Final Judgment and restore this action to its active docket. Nothing in this paragraph affects Defendant's: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Commission is not a party.

12. Defendant hereby waives any rights under the Equal Access to Justice Act, the Small Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to seek from the United States, or any agency, or any official of the United States acting in his or her official capacity, directly or indirectly, reimbursement of attorney's fees or other fees, expenses, or costs expended by Defendant to defend against this action. For these purposes, Defendant agrees that Defendant is not the prevailing party in this action since the parties have reached a good faith settlement.

13. Defendant agrees that the Commission may present the Final Judgment to the Court for signature and entry without further notice.

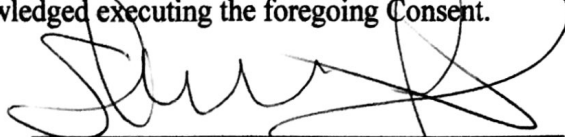
14. Defendant agrees that this Court shall retain jurisdiction over this matter for the purpose of enforcing the terms of the Final Judgment.

Dated: 3/5/18



Jared M. Galanis

On March 5, 2018, Jared Galanis, a person known to me,
personally appeared before me and acknowledged executing the foregoing Consent.



Notary Public
Commission expires: 1/2022

SHAROD A. JAMES
Notary Public-Maryland
Baltimore City
My Commission Expires
January 22, 2022

EXHIBIT A

G8MFGALP Plea

1 UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
2 -----x

3 UNITED STATES OF AMERICA,

4 v. 15 CR 643 (PKC)

5 JARED GALANIS, et al,

6 Defendants.

7 -----x

New York, N.Y.
August 22, 2016
2:30 p.m.

10 Before:

11 HON. KEVIN P. CASTEL,
12 District Judge
13

14 APPEARANCES

15 PREET BHARARA
United States Attorney for the
16 Southern District of New York
REBECCA MERMELSTEIN
17 BRIAN BLAIS
Assistant United States Attorney
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19 JAMES LASSART, ESQ.
Attorney for Defendant
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1 THE COURT: Ms. Mermelstein, what are the elements of
2 Count Eight and what in summary would be the government's
3 evidence on Count Eight if this case went to trial?

4 MS. MERMELSTEIN: The elements are, first, that the
5 felony of conspiracy to commit securities fraud alleged in the
6 indictment in Count One was committed by someone other than the
7 defendant, in this case, John Galanis and others.

8 Second, that the defendant had knowledge of the
9 commission of the felony.

10 Third, that the defendant failed to notify the
11 relevant federal authorities about the commission of the
12 offense, and, fourth, that the defendant deliberately took some
13 affirmative step to conceal the crime as described in the
14 indictment.

15 If the case proceeded to trial the government would
16 prove through documentary evidence and witness testimony that
17 Jared Galanis was aware that John Galanis, Jason Galanis, Derek
18 Galanis, Ymer Shahini and others participated in a conspiracy
19 to commit securities fraud, I note a securities fraud for which
20 there was venue in the Southern District of New York,
21 principally, or at least in part, because Gerova shares were
22 traded on the New York Stock Exchange, whose servers were at
23 that time located in the Southern District of New York; that
24 Jared Galanis did not notify the relevant federal authorities
25 of the events and indeed took steps to conceal the crime, in

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1 particular, among other steps to conceal, the government would
2 prove that Jared Galanis provided John Galanis with a cellular
3 telephone registered in Jared Galanis' name which John Galanis
4 used to coordinate matched trading with Gavin Hamils; that
5 Jared Galanis provided John Galanis with access to Jared
6 Galanis' law firm's e-mail account, which John Galanis used to
7 coordinate matched trading with James Tagliaferi and otherwise
8 to communicate with James Tagliaferi about various aspects of
9 the fraud and Jared Galanis dispersed proceeds of the fraud
10 through his law firm's IOLTA account.

11 THE COURT: When you say IOLTA account, you mean
12 interest on lawyers trust account?

13 MS. MERMELSTEIN: Yes, your Honor.

14 THE COURT: Thank you. Mr. Galanis, please tell me in
15 your own words what you did that leads you to believe that you
16 are guilty of the crime charged in Count Eight?

17 THE DEFENDANT: Your Honor, I am guilty of having
18 ultimately acquired actual knowledge of my father, John
19 Galanis' participation in an agreement to commit securities
20 fraud and I am guilty of concealing his participation in this
21 fraudulent scheme and not report this to law enforcement
22 authorities. While I did not initially know that my father was
23 impersonating me to perpetuate this fraud I did eventually
24 become aware of his impersonation I did not report this to any
25 law enforcement authorities and I did in fact conceal this.

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1 THE COURT: All right. Did you know what you were
2 doing was wrong and unlawful?

3 THE DEFENDANT: Yes, your Honor.

4 THE COURT: All right. And Mr. Lassart, is there any
5 basis to refute the government's proffer on venue in this case?

6 MR. LASSART: No, your Honor.

7 THE COURT: All right. Are you aware of any reason
8 why I should not accept your client's guilty plea in this case?

9 MR. LASSART: I'm not, your Honor.

10 THE COURT: Are you aware of any defense that would
11 likely prevail at trial?

12 MR. LASSART: I'm not, your Honor.

13 THE COURT: Okay. All right. Mr. Galanis, do you
14 have any questions for me?

15 THE DEFENDANT: No, your Honor.

16 THE COURT: With regard to Count Eight of the
17 indictment, how do you plead; guilty or not guilty?

18 THE DEFENDANT: Guilty, your Honor.

19 THE COURT: Based upon your responses to my questions
20 and my observations, I find that you know your rights, you know
21 the consequences of pleading guilty and there's a factual basis
22 for your plea of guilty. Further, I find that your plea
23 agreement was knowingly and voluntarily entered into, including
24 the provision waiving the right to appeal or collaterally
25 attack the sentence under specified circumstances. Your plea

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Plea

1 of guilty is accepted. I will order a presentence
2 investigation and report and direct that no interview of you
3 take place unless your lawyer is present. It's important that
4 you be truthful and honest with the people who prepare the
5 presentence report, tell them the good things and even the not
6 so good things because the report will be important in my
7 decision on sentencing. Before the date of sentencing, you
8 will have an opportunity to review that report. I urge you to
9 go through it carefully. If there are any mistakes point them
10 out to your lawyer so that he can point them out to me.

11 Mr. Lassart, I am going to direct that you set a date
12 for an interview of your client with probation within the next
13 14 days and I'm going to direct that the government provide its
14 description of the offense conduct to probation in that same
15 time period.

16 I will set a date for sentencing for December 2 at
17 2:30 p.m. Is there anything further from the government?

18 MS. MERMELSTEIN: No, your Honor.

19 THE COURT: Anything further from the defendant?

20 MR. LASSART: No, your Honor.

21 THE COURT: All right, we're are adjourned. Thank
22 you.

23 (Adjourned)

24

25