

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

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SECURITIES AND EXCHANGE COMMISSION	:	
	:	
Plaintiff,	:	15 Civ. 7547 (VSB)
	:	
v.	:	ECF Case
	:	
JASON W. GALANIS, JOHN P. GALANIS,	:	
JARED M. GALANIS, DEREK M. GALANIS,	:	
GARY T. HIRST, and GAVIN L. HAMELS,	:	
	:	
	:	
Defendants.	:	
-----X		

[PROPOSED] FINAL JUDGMENT AS TO DEFENDANT GAVIN L. HAMELS

The Securities and Exchange Commission having filed a Complaint and Defendant Gavin L. Hamels (“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 ORDERED, ADJUDGED, AND DECREED that Defendant is permanently restrained and enjoined from violating, directly or indirectly, Section 9(a)(1) of the Securities Exchange Act of 1934 (the “Exchange Act”) [15 U.S.C. § 78i(a)(1)], by using the mails or any means or instrumentality of interstate commerce, or of any facility of any national securities exchange, or for any member of a national securities exchange:

- (1) For the purpose of creating a false or misleading appearance of active trading in any security other than a government security, or a false or misleading appearance with respect to the market for any such security,

(A) to effect any transaction in such security which involves no change in the beneficial ownership thereof, or

(B) to enter an order or orders for the purchase of such security with the knowledge that an order or orders of substantially the same size, at substantially the same time, and at substantially the same price, for the sale of any such security, has been or will be entered by or for the same or different parties, or

(C) to enter any order or orders for the sale of any such security with the knowledge that an order or orders of substantially the same size, at substantially the same time, and at substantially the same price, for the purchase of such security, has been or will be entered by or for the same or different parties.

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 HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant is 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 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).

III.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is permanently restrained and enjoined from violating Sections 206(1) and 206(2) of the Investment Advisers Act of 1940 ("Advisers Act") [15 U.S.C. §§80b-6(1) and 80b-6(2)], by using the mails or any means or instrumentality of interstate commerce, directly or indirectly:

- (1) to employ any device, scheme, or artifice to defraud any client or prospective client; or
- (2) to engage in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client.

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).

IV.

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).

V.

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.

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	:	
Plaintiff,	:	15 Civ. 7547 (VSB)
v.	:	ECF Case
JASON W. GALANIS, JOHN P. GALANIS, JARED M. GALANIS, DEREK M. GALANIS, GARY T. HIRST, and GAVIN L. HAMELS,	:	
Defendants.	:	
-----X		

CONSENT OF DEFENDANT GAVIN L. HAMELS

1. Defendant Gavin L. Hamels (“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. Jason Galanis, et al.*, 15 Cr. 643 (PKC) (S.D.N.Y.) (“*United States v. Galanis*”), Defendant pleaded guilty to one count of conspiracy to commit securities fraud, in violation of 18 U.S.C. § 371; one count of securities fraud, in violation of Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”), 15 U.S.C. §§ 78j(b) and 78ff, and Rule 10b-5 thereunder, 17 C. F. R. § 240.10b-5; and one count of investment adviser fraud, in violation of Section 206 of the Investment Advisers Act of 1940 (“Advisers Act”), 15 U.S.C. §§ 80b-6 and 80b-17. In connection with that plea, Defendant admitted the facts set out in the transcript excerpt 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, permanently restrains and enjoins Defendant from violation of Sections 9(a)(1) and 10(b) of the Exchange Act, 15 U.S.C. § 78i(a)(1) and § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5, and Sections 206(1) and (2) of the Advisers Act, 15 U.S.C. §§ 80b-6(1) and 80b-6(2).

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” and “a refusal to admit the allegations is equivalent to a denial, unless the defendant or respondent states that he neither admits nor denies the allegations.” As part of Defendant’s agreement to comply with the terms of Section 202.5(e), Defendant: (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, without also stating that Defendant does not deny 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 solely 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: June 18, 2018


Gavin L. Hamels

On June 18, 2018, 2018, Gavin Lucas Hamels, a person known to me, personally appeared before me and acknowledged executing the foregoing Consent.




Notary Public
Commission expires: March 31, 2021

Approved as to form:

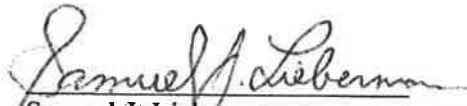

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551 Fifth Avenue
21st Floor
New York, NY 10176
Counsel to Gavin L. Hamels

EXHIBIT A

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1 UNITED STATES DISTRICT COURT
2 SOUTHERN DISTRICT OF NEW YORK

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3 UNITED STATES OF AMERICA,

4 v.

15 CR 643 (PKC)

5 GAVIN HAMELS,

6 Defendant.

7 -----x

8 New York, N.Y.

9 March 22, 2016

12:30 p.m.

10 Before:

11 HON. P. KEVIN CASTEL,

12 District Judge

13 APPEARANCES

14 PREET BHARARA

15 United States Attorney for the

16 Southern District of New York

17 REBECCA G. MERMELSTEIN

18 BRIAN R. BLAIS

AIMEE HECTOR

Assistant United States Attorneys

19 LEVINE LEE LLP

Attorneys for Defendant

20 JILLIAN B. BERMAN

21 DAVID LIZMI

22 ALSO PRESENT: Special Agent Shannon Biekiek, FBI

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1 became illiquid, Mr. Hamels agreed with others to conceal the
2 problem from investors.

3 In particular, he agreed with Jason Galanis and others
4 to use investor money to purchase shares of Gerova, a publicly
5 traded company. In return, Galanis agreed to provide both
6 liquidity and cash for certain clients, and to provide two
7 other stocks for free that would pad customer accounts.

8 Mr. Hamels did not disclose to clients that the receipt of
9 these free shares was contingent on the purchase of Gerova.

10 Mr. Hamels coordinated his purchase of the shares of
11 Gerova with sales by others, knowing that doing so, engaging in
12 the matched trading, would have the effect of creating a false
13 impression of trading volume, among other things.

14 Gerova traded on the AmEx and later on the New York
15 Stock Exchange. At various times relevant to the charges here,
16 the New York Stock Exchange servers were located in the
17 Southern District of New York. In addition, Gerova held its
18 board meetings in the Southern District of New York, and other
19 co-conspirators committed overt acts in the Southern District
20 of New York, including, for example, a fraudulent letter mailed
21 by a co-defendant to the New York Stock Exchange.

22 THE COURT: Mr. Hamels, please tell me in your own
23 words what you did that leads you to believe that you are
24 guilty of the crime charged.

25 THE DEFENDANT: Yes, your Honor.

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1 In 2010, I was working as an investment advisor at
2 SunTrust Bank. After an investment owned by some of our
3 clients became illiquid, I agreed with others to engage in a
4 transaction in order to distract clients from possible losses
5 in the illiquid fund and prevent client departures.

6 Specifically, I agreed to purchase on behalf of
7 SunTrust clients securities in Gerova, a publicly traded stock
8 on the AmEx and later the New York Stock Exchange, in exchange
9 for both other stock that could be provided to clients that
10 might have long-term value as well as a liquidity pool for
11 SunTrust clients.

12 I then purchased Gerova Securities on behalf of
13 SunTrust clients in a coordinated fashion. I understood that
14 by coordinating these trades with others, it had the effect of
15 creating an artificial and misleading perception of market
16 activity in Gerova, and in particular, that it boosted the
17 appearance of trading volume and liquidity in Gerova. Also, I
18 knew I was misleading SunTrust clients by not telling them
19 certain aspects of this transaction that I believed they would
20 have wanted to know. I knew what I was doing was wrong.

21 THE COURT: Government agree there is a sufficient
22 factual predicate for a plea of guilty to Counts One, Two and
23 Five?

24 MS. MERMELSTEIN: Yes, your Honor.

25 THE COURT: Ms. Berman, does the defendant have any

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1 basis to challenge the venue proffer that has been made by the
2 government?

3 MS. BERMAN: No, your Honor.

4 THE COURT: Mr. Hamels, do you have any questions for
5 me?

6 THE DEFENDANT: No, I do not, your Honor.

7 THE COURT: With regard to Count One of the
8 indictment, how do you plead, guilty or not guilty?

9 THE DEFENDANT: Guilty.

10 THE COURT: With regard to Count Two of the
11 indictment, how do you plead, guilty or not guilty?

12 THE DEFENDANT: Guilty.

13 THE COURT: With regard to Count Five of the
14 indictment, how do you plead, guilty or not guilty?

15 THE DEFENDANT: Guilty.

16 THE COURT: With regard to the forfeiture allegations
17 in paragraphs 98 and 99 of the indictment, do you admit those
18 allegations or deny those allegations?

19 THE DEFENDANT: Yes, I admit those, your Honor.

20 THE COURT: In your plea agreement, you waived your
21 right to appeal based on any failure of the government to have
22 produced any discovery material or other material that it was
23 required to disclose, including exculpatory material or
24 impeachment material.

25 Do you understand that?

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1 THE DEFENDANT: Yes, your Honor.

2 THE COURT: Based upon your responses to my questions
3 and my observations of your demeanor, I find that you know your
4 rights, you know the consequences of pleading guilty, and there
5 is a factual basis for your plea of guilty. Your plea of
6 guilty and your admission of the forfeiture allegations is
7 accepted. Further, I find that your plea agreement was
8 knowingly and voluntarily entered into. You may be seated.

9 There will be no presentence investigation in the near
10 future. But there will eventually be, and I order that no
11 interview of you take place unless your counsel is present. It
12 is important to be truthful and honest with the folks who
13 prepare the presentence report. Tell them the good things,
14 even the not-so-good things.

15 You'll have the opportunity to review that report
16 before the date of sentencing. If there are any mistakes,
17 point them out to your lawyer so she can point them out to me.

18 A control date for sentencing is set for January 6,
19 2017 at 10 a.m. Any objection to bail continuing to the date
20 of sentence?

21 MS. MERMELSTEIN: No, your Honor.

22 THE COURT: That's granted. And any other
23 applications?

24 MS. MERMELSTEIN: Not from the government.

25 MS. BERMAN: No, your Honor. Thank you.

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1 THE COURT: Is there any application with regard to
2 the sealing of this proceeding?

3 MS. MERMELSTEIN: No, your Honor.

4 THE COURT: Okay. Then we are adjourned. Thank you
5 all very much. Good to see you all. Thank you.

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