

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION**

**SECURITIES AND EXCHANGE
COMMISSION,**
Plaintiff,
v.
JASON A. WALLACE,
Defendant.

Case No. 8:16-cv-01788 AG(FFMx)

~~REVISED PROPOSED~~ FINAL
JUDGMENT AGAINST
DEFENDANT JASON A.
WALLACE

GUILFORD. U.S.D.J

Upon the Motion for a Default Judgment Against Defendant Jason A. Wallace (“Defendant”) filed by Plaintiff Securities and Exchange Commission (“SEC”) on March 17, 2017 pursuant to Rule 55(b)(2) of the Federal Rules of Civil Procedure, as well as the Memorandum of Points and Authorities, the Declarations of Nina B. Finston and the exhibits thereto, the SEC’s Supplemental Motion for Default Judgment against Defendant, the SEC’s Supplemental Brief Regarding Penalties against Defendant, the Supplemental Declaration of Nina B. Finston and the exhibits thereto, the SEC’s Supplemental Brief in Further Support of Its Motion for a Default Judgment against Defendant, the Second Supplemental Declaration of Nina B. Finston and the exhibits thereto, and Defendant’s Response to SEC Brief Concerning *Kokesh*, and after a careful review of the record and the Court being otherwise fully advised, it is hereby on this 15th day of DECEMBER 15, 2017:

I.

ORDERED, ADJUDGED, AND DECREED that Defendant is permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of the

1 Securities Exchange Act of 1934 (the “Exchange Act”) [15 U.S.C. § 78j(b)] and Rule
2 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], by using any means or
3 instrumentality of interstate commerce, or of the mails, or of any facility of any
4 national securities exchange, in connection with the purchase or sale of any security:

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

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

16 II.

17 **IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED**
18 that Defendant is permanently restrained and enjoined from violating Section 17(a) of
19 the Securities Act of 1933 (the “Securities Act”) [15 U.S.C. § 77q(a)] in the offer or
20 sale of any security by the use of any means or instruments of transportation or
21 communication in interstate commerce or by use of the mails, directly or indirectly:

- 22 (a) to employ any device, scheme, or artifice to defraud;
- 23 (b) to obtain money or property by means of any untrue statement of a
24 material fact or any omission of a material fact necessary in order to
25 make the statements made, in light of the circumstances under which
26 they were made, not misleading; or
- 27 (c) to engage in any transaction, practice, or course of business which
28 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 Final Judgment by personal service or otherwise: Defendant's officers, agents, servants, employees, attorneys, and other persons in active concert or participation with Defendant..

III.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED
that Defendant 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

1 binds the following who receive actual notice of this Final Judgment by personal
2 service or otherwise: Defendant's officers, agents, servants, employees, attorneys,
3 and other persons in active concert or participation with Defendant.

4 **IV.**

5 **IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED**
6 that Defendant is permanently restrained and enjoined from violating, directly or
7 indirectly, Section 15(a) of the Exchange Act [15 U.S.C. § 78o(a)] by, while
8 engaging in business as a broker or dealer, making use of any means or
9 instrumentality of interstate commerce, or of the mails, or of any facility of any
10 national securities exchange to effect any transactions in, or to induce or attempt to
11 induce the purchase or sale of, any security (other than an exempted security or
12 commercial paper, bankers' acceptances, or commercial bills) unless registered in
13 accordance with Section 15(b) of the Exchange Act [15 U.S.C. § 78o(b)] or
14 associated with a broker or dealer that is registered with the Commission in
15 accordance with Section 15(b) of the Exchange Act [15 U.S.C. §78i(b)].

16 **IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that, as
17 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
18 binds the following who receive actual notice of this Final Judgment by personal
19 service or otherwise: Defendant's officers, agents, servants, employees, attorneys,
20 and other persons in active concert or participation with Defendant.

21 **V.**

22 **IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED**
23 that Defendant is permanently restrained and enjoined from violating, directly or
24 indirectly, Section 9(a)(2) of the Exchange Act [15 U.S.C. § 78i(a) (2)]directly or
25 indirectly, by using any means or instrumentality of interstate commerce, or of the
26 mails, or of any facility of any national securities exchange to effect, alone or with
27 one or more other persons, a series of transactions in any security other than a
28 government security or in connection with any security-based swap agreement with

1 respect to such security creating actual or apparent active trading in such security, or
2 raising or depressing the price of such security, for the purpose of inducing the
3 purchase or sale of such security by others.

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5 **IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that, as
6 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
7 binds the following who receive actual notice of this Final Judgment by personal
8 service or otherwise: Defendant's officers, agents, servants, employees, attorneys,
9 and other persons in active concert or participation with Defendant.

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VI.

11 **IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED**
12 that Defendant is permanently barred from participating in an offering of penny
13 stock, including engaging in activities with a broker, dealer, or issuer for purposes of
14 issuing, trading, or inducing or attempting to induce the purchase or sale of any penny
15 stock. A penny stock is any equity security that has a price of less than five dollars,
16 except as provided in Rule 3a51-1 under the Exchange Act [17 C.F.R. 240.3a51-1].

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VII.

18 **IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that
19 Defendant is liable for disgorgement of \$434,887.07, representing profits gained as a
20 result of the conduct alleged in the Complaint, together with prejudgment interest
21 thereon in the amount of \$77,161.73. Defendant shall satisfy this obligation by
22 paying \$512,048.80 to the Securities and Exchange Commission within 14 days after
23 entry of this Final Judgment.

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25 Defendant may transmit payment electronically to the Commission, which will
26 provide detailed ACH transfer/Fedwire instructions upon request. Payment may also
27 be made directly from a bank account via Pay.gov through the SEC website at
28 <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, Jason A. Wallace 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.

VIII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant shall pay a civil penalty in the amount of four hundred and thirty four thousand, eight hundred eighty seven dollars and seven cents (\$434,887.07) to the Securities and Exchange Commission pursuant to Section 20(d)(1) of the Securities Act [15 U.S.C. § 77t(d)(1)] and Section 21(d)(3)(A) of the Exchange Act [15 U.S.C. § 78u(d)(3)(A)]. Defendant shall make this payment within 14 days 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

1 be made directly from a bank account via Pay.gov through the SEC website at
2 <http://www.sec.gov/about/offices/ofm.htm>. Defendant may also pay by certified
3 check, bank cashier's check, or United States postal money order payable to the
4 Securities and Exchange Commission, which shall be delivered or mailed to

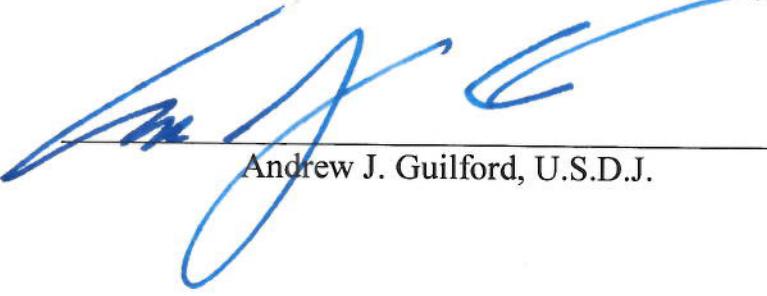
5 Enterprise Services Center
6 Accounts Receivable Branch
6500 South MacArthur Boulevard
7 Oklahoma City, OK 73169

8 and shall be accompanied by a letter identifying the case title, civil action number,
9 and name of this Court, Jason A. Wallace as a defendant in this action, and specifying
10 that payment is made pursuant to this Final Judgment.

11 Defendant shall simultaneously transmit photocopies of evidence of payment
12 and case identifying information to the Commission's counsel in this action. By
13 making this payment, Defendant relinquishes all legal and equitable right, title, and
14 interest in such funds and no part of the funds shall be returned to Defendant. The
15 Commission shall send the funds paid pursuant to this Final Judgment to the United
16 States Treasury. Defendant shall pay post-judgment interest on any delinquent
17 amounts pursuant to 28 USC § 1961.

18 IX.

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

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23 Andrew J. Guilford, U.S.D.J.
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