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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
Western Division

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SECURITIES AND EXCHANGE
COMMISSION,

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Plaintiff,

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vs.

Case No. 2:16-cv-03772

**FINAL JUDGMENT AS TO
DEFENDANT
EDWARD JOSEPH SANDERS**

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FIRST MORTGAGE CORPORATION, INC.,
CLEMENT ZIROLI, SR.,
CLEMENT ZIROLI, JR.,
PAC W. DONG,
RONALD T. VARGUS,
SCOTT LEHRER, AND
EDWARD JOSEPH SANDERS,

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Defendants.

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The Securities and Exchange Commission having filed a Complaint and
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 without admitting or denying the allegations of the Complaint (except as to
jurisdiction and except as otherwise provided herein in paragraph VIII); waived
findings of fact and conclusions of law; and waived any right to appeal from this
Final Judgment:

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I.

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

1 security by the use of any means or instruments of transportation or communication
2 in interstate commerce or by use of the mails, directly or indirectly:

- 3 (a) to employ any device, scheme, or artifice to defraud;
- 4 (b) to obtain money or property by means of any untrue statement of a
5 material fact or any omission of a material fact necessary in order to
6 make the statements made, in light of the circumstances under which
7 they were made, not misleading; or
- 8 (c) to engage in any transaction, practice, or course of business which
9 operates or would operate as a fraud or deceit upon the purchaser.

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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: (a) Defendant’s officers, agents, servants, employees, and
15 attorneys; and (b) other persons in active concert or participation with Defendant or
16 with anyone described in (a).

17 II.

18 IT IS FURTHER HEREBY ORDERED, ADJUDGED, AND DECREED that
19 Defendant is permanently restrained and enjoined from violating, directly or
20 indirectly, Section 10(b) of the Securities Exchange Act of 1934 (the “Exchange
21 Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5(a) and (c) promulgated thereunder
22 [17 C.F.R. § 240.10b-5(a) and (c)], by using any means or instrumentality of
23 interstate commerce, or of the mails, or of any facility of any national securities
24 exchange, in connection with the purchase or sale of any security:

- 25 (a) to employ any device, scheme, or artifice to defraud; or
- 26 (b) to engage in any act, practice, or course of business which operates or
27 would operate as a fraud or deceit upon any person.
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1 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
2 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
3 binds the following who receive actual notice of this Final Judgment by personal
4 service or otherwise: (a) Defendant's officers, agents, servants, employees, and
5 attorneys; and (b) other persons in active concert or participation with Defendant or
6 with anyone described in (a).

7 III.

8 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, pursuant
9 to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)] and Section 20(e) of
10 the Securities Act [15 U.S.C. § 77t(e)], Defendant is prohibited, for five years
11 following the date of entry of this Final Judgment, from acting as an officer or
12 director of any issuer that has a class of securities registered pursuant to Section 12 of
13 the Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to
14 Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

15 IV.

16 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant
17 is liable for disgorgement of \$51,576.51, representing profits gained as a result of the
18 conduct alleged in the Complaint, together with prejudgment interest thereon in the
19 amount of \$6,811.19. Defendant shall satisfy this obligation by paying \$58,387.70
20 pursuant to the terms of the payment schedule set forth in paragraph V below after
21 entry of this Final Judgment.

22 Defendant may transmit payment electronically to the Commission, which will
23 provide detailed ACH transfer/Fedwire instructions upon request. Payment may also
24 be made directly from a bank account via Pay.gov through the SEC website at
25 <http://www.sec.gov/about/offices/ofm.htm>. Defendant may also pay by certified
26 check, bank cashier's check, or United States postal money order payable to the
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1 Securities and Exchange Commission, which shall be delivered or mailed to

2 Enterprise Services Center
3 Accounts Receivable Branch
4 6500 South MacArthur Boulevard
5 Oklahoma City, OK 73169

6 and shall be accompanied by a letter identifying the case title, civil action number,
7 and name of this Court; Edward Joseph Sanders as a defendant in this action; and
8 specifying that payment is made pursuant to this Final Judgment.

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

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

20 V.

21 Edward Joseph Sanders shall pay the total of disgorgement and prejudgment
22 interest due of \$58,387.70 in five installments to the Commission according to the
23 following schedule: (1) \$11,677.54, within 14 days of entry of this Final Judgment;
24 (2) \$11,677.54, within 104 days after entry of this Final Judgment; (3) \$11,677.54
25 within 194 days after the entry of this Final Judgment; (4) \$11,677.54 within 284
26 days after entry of this Final Judgment; and (5) \$11,677.54 plus interest on the
27 payments described in this Section V (1)-(5) pursuant to 28 U.S.C. § 1961 within 365
28 days after entry of this Final Judgment. Payments shall be deemed made on the date

1 they are received by the Commission and shall be applied first to post judgment
2 interest, which accrues pursuant to 28 U.S.C. § 1961 on any unpaid amounts due after
3 14 days of the entry of Final Judgment. Prior to making the final payment set forth
4 herein, Edward Joseph Sanders shall contact the staff of the Commission for the
5 amount due for the final payment.

6 If Edward Joseph Sanders fails to make any payment by the date agreed and/or
7 in the amount agreed according to the schedule set forth above, all outstanding
8 payments under this Final Judgment, including post-judgment interest, minus any
9 payments made, shall become due and payable immediately at the discretion of the
10 staff of the Commission without further application to the Court.

11 VI.

12 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
13 based on Defendant's cooperation in a Commission investigation and/or related
14 enforcement action, the Court is not ordering Defendant to pay a civil penalty. If at
15 any time following the entry of the Final Judgment the Commission obtains
16 information indicating that Defendant knowingly provided materially false or
17 misleading information or materials to the Commission or in a related proceeding, the
18 Commission may, at its sole discretion and without prior notice to the Defendant,
19 petition the Court for an order requiring Defendant to pay a civil penalty. In
20 connection with any such petition and at any hearing held on such a motion: (a)
21 Defendant will be precluded from arguing that he did not violate the federal securities
22 laws as alleged in the Complaint; (b) Defendant may not challenge the validity of the
23 Judgment, this Consent, or any related Undertakings; (c) the allegations of the
24 Complaint, solely for the purposes of such motion, shall be accepted as and deemed
25 true by the Court; and (d) the Court may determine the issues raised in the motion on
26 the basis of affidavits, declarations, excerpts of sworn deposition or investigative
27 testimony, and documentary evidence without regard to the standards for summary
28 judgment contained in Rule 56(c) of the Federal Rules of Civil Procedure. Under

1 these circumstances, the parties may take discovery, including discovery from
2 appropriate non-parties.

3 VII.

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

8 VIII.

9 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, solely for
10 purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code,
11 11 U.S.C. §523, the allegations in the complaint are true and admitted by Defendant,
12 and further, any debt for disgorgement, prejudgment interest, civil penalty or other
13 amounts due by Defendant under this Final Judgment or any other judgment, order,
14 consent order, decree or settlement agreement entered in connection with this
15 proceeding, is a debt for the violation by Edward Joseph Sanders of the federal
16 securities laws or any regulation or order issued under such laws, as set forth in
17 Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

18 IX.

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

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23 Dated: July 20 _____, 2016

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26 UNITED STATES DISTRICT JUDGE
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