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2 **UNITED STATES DISTRICT COURT**
3 **CENTRAL DISTRICT OF CALIFORNIA**
4 **Western Division**

5 **SECURITIES AND EXCHANGE**
6 **COMMISSION,**

7 **Plaintiff,**

8 **vs.**

Case No. 2:16-cv-03772

FINAL JUDGMENT AS TO
DEFENDANT
CLEMENT ZIROLI, JR.

9
10 **FIRST MORTGAGE CORPORATION, INC.,**
11 **CLEMENT ZIROLI, SR.,**
12 **CLEMENT ZIROLI, JR.,**
13 **PAC W. DONG,**
14 **RONALD T. VARGUS,**
SCOTT LEHRER, AND

15 **Defendants.**

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17 The Securities and Exchange Commission having filed a Complaint and
18 Defendant Clement ZirolI, Jr. having entered a general appearance; consented to the
19 Court’s jurisdiction over Defendant and the subject matter of this action; consented to
20 entry of this Final Judgment without admitting or denying the allegations of the
21 Complaint (except as to jurisdiction and except as otherwise provided herein in
22 paragraph VI); waived findings of fact and conclusions of law; and waived any right
23 to appeal from this Final Judgment:

24 **I.**

25 **IT IS HEREBY ORDERED, ADJUDGED, AND DECREED** that Defendant is
26 permanently restrained and enjoined from violating Section 17(a) of the Securities
27 Act of 1933 (the “Securities Act”) [15 U.S.C. § 77q(a)] in the offer or sale of any
28 security by the use of any means or instruments of transportation or communication

1 in interstate commerce or by use of the mails, directly or indirectly:

- 2 (a) to employ any device, scheme, or artifice to defraud;
- 3 (b) to obtain money or property by means of any untrue statement of a
4 material fact or any omission of a material fact necessary in order to
5 make the statements made, in light of the circumstances under
6 which they were made, not misleading; or
- 7 (c) to engage in any transaction, practice, or course of business which
8 operates or would operate as a fraud or deceit upon the purchaser.
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10 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
11 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
12 binds the following who receive actual notice of this Final Judgment by personal
13 service or otherwise: (a) Defendant's officers, agents, servants, employees, and
14 attorneys; and (b) other persons in active concert or participation with Defendant or
15 with anyone described in (a).

16 II.

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

- 24 (a) to employ any device, scheme, or artifice to defraud; or
- 25 (b) to engage in any act, practice, or course of business which operates or
26 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 20(e) of the Securities Act [15 U.S.C. § 77t(e)] and Section 21(d)(2) of the
10 Exchange Act [15 U.S.C. § 78u(d)(2)], 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 \$411,421.98, representing profits gained as a result of
18 the conduct alleged in the Complaint, together with prejudgment interest thereon in
19 the amount of \$27,203.92, and a civil penalty in the amount of \$200,000 pursuant to
20 Section 20(d) of the Securities Act [15 U.S.C. § 77t(e)] and Section 21(d)(3) of the
21 Exchange Act [15 U.S.C. § 78u(d)(2)]. Defendant shall satisfy this obligation by
22 paying \$638,625.90 to the Securities and Exchange Commission within 14 days after
23 entry of this Final Judgment.

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

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; Clement Ziroli, Jr. 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 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the
22 Consent is incorporated herein with the same force and effect as if fully set forth
23 herein, and that Defendant shall comply with all of the undertakings and agreements
24 set forth therein.

25 VI.

26 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, solely for
27 purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code,
28 11 U.S.C. §523, and for no other reason, the allegations in the complaint are true and

1 admitted by Defendant, and further, any debt for disgorgement, prejudgment interest,
2 civil penalty or other amounts due by Defendant under this Final Judgment or any
3 other judgment, order, consent order, decree or settlement agreement entered in
4 connection with this proceeding, is a debt for the violation by Clement Zirolì, Jr. of
5 the federal securities laws or any regulation or order issued under such laws, as set
6 forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19).

7 VII.

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

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12 Dated: July 20, 2016

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15 UNITED STATES DISTRICT JUDGE
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