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**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA**

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

DAMON V. HOVANNISIAN,
VERNON S. HOVANNISIAN, VINCENT
G. HOVANNISIAN, and EDDIE
ARAKELIAN

Defendants.

Case No. 1:17-CV-01078-DAD-EPG

**FINAL JUDGMENT AS TO DEFENDANT
VERNON S. HOVANNISIAN**

1 The Securities and Exchange Commission having filed a Complaint and Defendant Vernon
2 S. Hovannisian having entered a general appearance; consented to the Court's jurisdiction over
3 Defendant and the subject matter of this action; consented to entry of this Final Judgment without
4 admitting or denying the allegations of the Complaint (except as to jurisdiction and except as
5 otherwise provided herein in paragraph IV); waived findings of fact and conclusions of law; and
6 waived any right to appeal from this Final Judgment:

7 **I.**

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

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

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

25 **II.**

26 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is liable for
27 disgorgement of \$ 111,145.23, representing profits gained as a result of the conduct alleged in the
28 Complaint, together with prejudgment interest thereon in the amount of \$ 10,917.55. Defendant

1 shall satisfy this obligation by paying \$122,062.78 to the Securities and Exchange Commission
2 within 14 days after entry of this Final Judgment.

3 Defendant may transmit payment electronically to the Commission, which will provide
4 detailed ACH transfer/Fedwire instructions upon request. Payment may also be made directly from
5 a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>.

6 Defendant may also pay by certified check, bank cashier's check, or United States postal money
7 order payable to the Securities and Exchange Commission, which shall be delivered or mailed to

8 Enterprise Services Center
9 Accounts Receivable Branch
10 6500 South MacArthur Boulevard
11 Oklahoma City, OK 73169

12 and shall be accompanied by a letter identifying the case title, civil action number, and name of this
13 Court; Vernon S. Hovannisian as a defendant in this action; and specifying that payment is made
14 pursuant to this Final Judgment.

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

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

24 **III.**

25 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant shall pay a
26 civil penalty in the amount of \$111,145.23 to the Securities and Exchange Commission pursuant to
27 Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)]. Defendant shall make this payment
28 within 14 days after entry of this Final Judgment.

1 Defendant may transmit payment electronically to the Commission, which will provide
2 detailed ACH transfer/Fedwire instructions upon request. Payment may also be made directly from
3 a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>.

4 Defendant may also pay by certified check, bank cashier's check, or United States postal money
5 order payable to the Securities and Exchange Commission, which shall be delivered or mailed to

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7 Accounts Receivable Branch
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15 Defendant relinquishes all legal and equitable right, title, and interest in such funds and no part of
16 the funds shall be returned to Defendant. The Commission shall send the funds paid pursuant to
17 this Final Judgment to the United States Treasury. Defendant shall pay post-judgment interest on
18 any delinquent amounts pursuant to 28 USC § 1961.

19 **IV.**

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

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V.


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.

VI.

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.

IT IS SO ORDERED.

Dated: August 18, 2017


DALE A. DWYER
UNITED STATES DISTRICT JUDGE