

E-FILED 4/4/17

1
2 UNITED STATES DISTRICT COURT
3 CENTRAL DISTRICT OF CALIFORNIA
4 Western Division

JS-6

5 SECURITIES AND EXCHANGE
6 COMMISSION,

7 Plaintiff,

8 vs.

9 MICHAEL ANDRE JONES,

10 Defendant.

Case No. CV 17-2413-PSG

~~(PROPOSED)~~ FINAL JUDGMENT

11
12 The United States Securities and Exchange Commission (the “Commission”)
13 having filed a complaint and Defendant Michael Andre Jones (“Jones” or
14 “Defendant”) having entered a general appearance; consented to the Court’s
15 jurisdiction over Defendant and the subject matter of this action; consented to entry
16 of this Final Judgment without admitting or denying the allegations of the complaint
17 (except as to jurisdiction and except as otherwise provided herein in Section VII);
18 waived findings of fact and conclusions of law; and waived any right to appeal from
19 this Final Judgment:

20 I.

21 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant is
22 permanently restrained and enjoined from violating Sections 5(a) and 5(c) of the
23 Securities Act of 1933 (the “Securities Act”) [15 U.S.C. §§ 77e(a) and (c)] by,
24 directly or indirectly, in the absence of any applicable exemption:

- 25 (a) Unless a registration statement is in effect as to a security, making use of
26 any means or instruments of transportation or communication in
27 interstate commerce or of the mails to sell such security through the use
28 or medium of any prospectus or otherwise;

- 1 (b) Unless a registration statement is in effect as to a security, carrying or
2 causing to be carried through the mails or in interstate commerce, by any
3 means or instruments of transportation, any such security for the purpose
4 of sale or for delivery after sale; or
- 5 (c) Making use of any means or instruments of transportation or
6 communication in interstate commerce or of the mails to offer to sell or
7 offer to buy through the use or medium of any prospectus or otherwise
8 any security, unless a registration statement has been filed with the
9 Commission as to such security, or while the registration statement is the
10 subject of a refusal order or stop order or (prior to the effective date of
11 the registration statement) any public proceeding or examination under
12 Section 8 of the Securities Act [15 U.S.C. § 77h].

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

19 II.

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

- 25 (a) to employ any device, scheme, or artifice to defraud;
- 26 (b) to obtain money or property by means of any untrue statement of a
27 material fact or any omission of a material fact necessary in order to make the
28

1 statements made, in light of the circumstances under which they were made,
2 not misleading; or

3 (c) to engage in any transaction, practice, or course of business which
4 operates or would operate as a fraud or deceit upon the purchaser.

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

11 III.

12 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant
13 is permanently restrained and enjoined from violating, directly or indirectly, Section
14 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) [15 U.S.C. §
15 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], by using
16 any means or instrumentality of interstate commerce, or of the mails, or of any
17 facility of any national securities exchange, in connection with the purchase or sale of
18 any security:

19 (a) to employ any device, scheme, or artifice to defraud;

20 (b) to make any untrue statement of a material fact or to omit to state a
21 material fact necessary in order to make the statements made, in the light of the
22 circumstances under which they were made, not misleading; or

23 (c) to engage in any act, practice, or course of business which operates or
24 would operate as a fraud or deceit upon any person.

25 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
26 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
27 binds the following who receive actual notice of this Final Judgment by personal
28 service or otherwise: (a) Defendant’s officers, agents, servants, employees, and

1 attorneys; and (b) other persons in active concert or participation with Defendant or
2 with anyone described in (a).

3 IV.

4 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant
5 is permanently restrained and enjoined from violating Section 15 of the Exchange Act
6 [15 U.S.C. § 78o] by, while acting as a broker or dealer, effecting transactions in or
7 inducing or attempting to induce the purchase or sale of any security while not
8 registered with the Commission as a broker or dealer, or when not associated with an
9 entity registered with the Commission as a broker or dealer.

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 V.

17 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant
18 is permanently restrained and enjoined from directly or indirectly, including, but not
19 limited to, through any entity owned or controlled by him, from participating in the
20 issuance, purchase, offer, or sale of any security, provided however, that he shall not
21 be prevented from purchasing or selling securities listed on a national securities
22 exchange for his own personal account.

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

VI.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is liable for disgorgement of \$709,645, representing unjust enrichment received as a result of the conduct alleged in the complaint, together with prejudgment interest thereon in the amount of \$77,673, and a civil penalty in the amount of \$709,645 pursuant to Securities Act Section 20(d) [15 U.S.C. § 77t(d)] and Exchange Act Section 21(d)(3) [15 U.S.C. § 78u(d)(3)]. Defendant shall satisfy this obligation by paying \$1,496,963 to the Securities and Exchange Commission 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 be made directly from a bank account via Pay.gov through the SEC website at <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; identifying Michael Andre Jones 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

1 prejudgment interest by moving for civil contempt (and/or through other collection
2 procedures authorized by law) at any time after 14 days following entry of this Final
3 Judgment. Defendant shall pay post-judgment interest on any delinquent amounts
4 pursuant to 28 U.S.C. § 1961.

5 VII.

6 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, solely for
7 purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code,
8 11 U.S.C. § 523, the allegations in the complaint are true and admitted by Defendant,
9 and further, any debt for disgorgement, prejudgment interest, civil penalty, or other
10 amounts due by Defendant under this Final Judgment or any other judgment, order,
11 consent order, decree, or settlement agreement entered in connection with this
12 proceeding, is a debt for the violation by Defendant of the federal securities laws or
13 any regulation or order issued under such laws, as set forth in Section 523(a)(19) of
14 the Bankruptcy Code, 11 U.S.C. § 523(a)(19).

15 VIII.

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

19
20 Dated: April 4, 2017

PHILIP S. GUTIERREZ

THE HON. PHILIP S. GUTIERREZ
UNITED STATES DISTRICT JUDGE