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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE  
COMMISSION,  
  
Plaintiff,  
  
v.  
  
AXESSTEL, INC. et al.,  
  
Defendants.

Case No.: 3:18-cv-01486-L

**ORDER GRANTING JOINT  
MOTION [Doc. 9] FOR  
JUDGMENT; AND ENTERING  
CONSENT JUDGMENT**

**FINAL JUDGMENT AS TO DEFENDANT PATRICK J. GRAY**

The Securities and Exchange Commission (“SEC” or “Commission”) having filed a Complaint and Defendant Patrick J. Gray (“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); waived findings of fact and conclusions of law; and waived any right to appeal from this Final Judgment:

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], by using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security:

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

II.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal

1 service or otherwise, and each of them, be and hereby are permanently restrained and  
2 enjoined from violating, directly or indirectly, Section 13(b)(5) of the Exchange Act [15  
3 U.S.C. § 78m(b)(5)] and Rule 13b2-1 thereunder [17 C.F.R. § 240.13b2-1] by:

- 4
- 5 (a) knowingly circumventing or knowingly failing to implement a system of  
6 internal accounting controls or knowingly falsifying or causing to be  
7 falsified any book, record, or account of any issuer which has a class of  
8 securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C.  
9 781] or any company which is required to file reports pursuant to Section  
10 15(d) of the Exchange Act [15 U.S.C. 78o(d)]; or  
11
- 12 (b) falsifying or causing to be falsified, directly or indirectly, any book,  
13 record or account subject to Section 13(b)(2)(A) of the Exchange Act [15  
14 U.S.C. § 78m(b)(2)(A)].  
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17 III.

18 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant, and  
19 Defendant's agents, servants, employees, and attorneys, and those persons in active  
20 concert or participation with them who receive actual notice of this Final Judgment, by  
21 personal service or otherwise, and each of them, be and hereby are permanently  
22 restrained and enjoined from violating Rule 13a-14 under the Exchange Act [17 C.F.R. §  
23 240.13a-14] by, as a principal executive or principal financial officer of an issuer, or as a  
24 person performing similar functions,  
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1 falsely certifying any report filed under Section 13(a) of the Exchange Act [15 U.S.C. §  
2 78m(a)] (other than a report filed by an Asset-Backed Issuer defined in 17 C.F.R. §  
3 229.1101, or a report on Form 20-F under 17 C.F.R. § 240.13a-19), including reports  
4 filed on Forms 10-Q, Forms 10-QSB, Forms 10-K, or Forms 10-KSB.  
5

6 IV.  
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8 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant, and  
9 Defendant's agents, servants, employees, and attorneys, and those persons in active  
10 concert or participation with them who receive actual notice of this Final Judgment, by  
11 personal service or otherwise, and each of them, be and hereby are permanently  
12 restrained and enjoined from violating Rule 13b2-2 [17 C.F.R. § 240.13b2-2]  
13 promulgated under the Exchange Act, by, as an officer or director of an issuer, (a)  
14 making or causing to be made a materially false or misleading statement or (b) omitting  
15 to state, or causing another person to omit to state, any material fact necessary in order to  
16 make the statements made, in light of the circumstances under which they were made, not  
17 misleading, to an accountant in connection with: (1) any audit, review, or examination of  
18 the financial statements of an issuer required to be made pursuant to Section 13 of the  
19 Exchange Act [15 U.S.C. § 78m]; or (2) the preparation or filing of any document or  
20 report required to be filed with the Commission.  
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25 V.  
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27 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant, and  
28 Defendant's agents, servants, employees, and attorneys, and those persons in active

1 concert or participation with them who receive actual notice of this Final Judgment, by  
2 personal service or otherwise, and each of them, be and hereby are permanently  
3 restrained and enjoined from aiding and abetting any violation of Section 13(a) of the  
4 Exchange Act [15 U.S.C. § 78m(a)] and Rules 12b-20, 13a-1, 13a-11, and 13a-13  
5 thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-1, 240.13a-11, and 240.13a-13] by  
6 knowingly or recklessly providing substantial assistance to an issuer that has a class of  
7 securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 781] or  
8 Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)] in failing to file with the  
9 Commission such accurate and complete information, reports, and documents as are  
10 required to be filed with the Commission pursuant to Section 13(a) of the Exchange Act  
11 [15 U.S.C. § 78m(a)] and the Rules thereunder, including but not limited to annual  
12 reports on Form 10-K [17 C.F.R. § 249.310], current reports on Form 8-K [17 C.F.R. §  
13 249.308], and quarterly reports on Form 10-Q [17 C.F.R. § 249.308a], and such further  
14 material information, if any, as may be necessary to make the required statements, in  
15 light of the circumstances under which they are made, not misleading.  
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21 VI.

22 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant, and  
23 Defendant's agents, servants, employees, and attorneys, and those persons in active  
24 concert or participation with them who receive actual notice of this Final Judgment, by  
25 personal service or otherwise, and each of them, be and hereby are permanently  
26 restrained and enjoined from aiding and abetting any violation of Sections 13(b)(2)(A)  
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1 and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78m(b)(2)(A) and 78m(b)(2)(B)] by  
2 knowingly providing substantial assistance to an issuer which has a class of securities  
3 registered pursuant to Section 12 of the Exchange Act [15 U.S.C. 781] or any company  
4 which is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C.  
5 78o(d)] that:

- 7
- 8 (a) fails to make or keep books, records, or accounts which, in reasonable  
9 detail, accurately and fairly reflect the transactions and dispositions of the  
10 issuer's assets; or
- 11
- 12 (b) fails to devise and maintain a system of internal accounting controls  
13 sufficient to provide reasonable assurances that (i) transactions are executed  
14 in accordance with management's general or specific authorization; (ii)  
15 transactions are recorded as necessary (A) to permit preparation of financial  
16 statements in conformity with generally accepted accounting principles or  
17 any other criteria applicable to such statements, and (B) to maintain  
18 accountability for assets; (iii) access to assets is permitted only in  
19 accordance with management's general or specific authorization; and (iv)  
20 the recorded accountability for assets is compared with the existing assets at  
21 reasonable intervals and appropriate action is taken with respect to any  
22 differences.  
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VII.

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

VIII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Gray shall pay a civil penalty in the amount of \$40,000 to the Securities and Exchange Commission pursuant to Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)]. Defendant shall make this payment pursuant to the terms of the payment schedule set forth in paragraph IX below 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

1 Accounts Receivable Branch  
2 6500 South MacArthur Boulevard  
3 Oklahoma City, OK 73169

4 and shall be accompanied by a letter identifying the case title, civil action number, and  
5 name of this Court; Patrick J. Gray as a defendant in this action; and specifying that  
6 payment is made pursuant to this Final Judgment.

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

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14 Defendant shall pay post-judgment interest on any delinquent amounts pursuant to 28  
15 USC § 1961.  
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17 IX.

18 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Patrick J. Gray  
19 shall pay the total penalty of \$40,000 in two (2) installments to the Commission  
20 according to the following schedule: (a) a \$10,000 payment within 14 days of entry of  
21 this Final Judgment; and (b) a \$30,000 payment within 360 days of entry of this Final  
22 Judgment. Payments shall be deemed made on the date they are received by the  
23 Commission and shall be applied first to post judgment interest, which accrues pursuant  
24 to 28 U.S.C. § 1961 on any unpaid amounts due after 14 days of the entry of this Final  
25 Judgment. Prior to making the final payment set forth herein, Gray shall contact the staff  
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XII.

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.

Dated: July 10, 2018

  
Hon. M. James Lorenz  
United States District Judge