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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
Western Division**

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

RALPH T. IANNELLI and ESSEX
CAPITAL CORPORATION,

Defendants.

Case No. 2:18-cv-05008-FMO-AFM
**FINAL JUDGMENT AS TO
DEFENDANT RALPH T. IANNELLI**

1 The Securities and Exchange Commission having filed a Complaint and
2 Defendant Ralph T. Iannelli having entered a general appearance; consented to the
3 Court’s jurisdiction over Defendant and the subject matter of this action; consented to
4 entry of this Judgment without admitting or denying the allegations of the Complaint
5 (except as to jurisdiction and except as otherwise provided herein in paragraph V);
6 waived findings of fact and conclusions of law; and waived any right to appeal from
7 this Final Judgment:

8 I.

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

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

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).

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II.

IT IS HEREBY FURTHER 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 security by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

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

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

III.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is liable for disgorgement of \$9,960,000, representing profits gained as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$454,828.21, and a civil penalty in the amount of \$640,000 pursuant to Section 20(d) of the Securities Act [15 U.S.C. §77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. §78u(d)(3)], for a total of \$11,054,828.21. Defendant shall satisfy this obligation by paying \$11,054,828.21 to the Securities and

1 Exchange Commission within 14 days after entry of this Final Judgment.

2 Defendant may transmit payment electronically to the Commission, which will
3 provide detailed ACH transfer/Fedwire instructions upon request. Payment may also
4 be made directly from a bank account via Pay.gov through the SEC website at
5 <http://www.sec.gov/about/offices/ofm.htm>. Defendant may also pay by certified
6 check, bank cashier's check, or United States postal money order payable to the
7 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,
13 and name of this Court; Ralph T. Iannelli as a defendant in this action; and specifying
14 that payment is made pursuant to this Final Judgment.

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

19 Amounts collected shall be applied first to disgorgement and then prejudgment
20 interest, until the disgorgement and prejudgment interest amounts in this Final
21 Judgment are fully satisfied; only then shall any amount be applied to post judgment
22 interest. The Commission shall hold the funds (collectively, the "Fund") and may
23 propose a plan to distribute the Fund subject to the Court's approval. The Court shall
24 retain jurisdiction over the administration of any distribution of the Fund. If the
25 Commission staff determines that the Fund will not be distributed, the Commission
26 shall send the funds paid pursuant to this Final Judgment to the United States
27 Treasury.

28 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 IV.

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

10 V.

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

20 VI.

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

24
25 Dated: June 5, 2019

26
27 _____/s/
28 UNITED STATES DISTRICT JUDGE
FERNANDO M. OLGUIN