

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

SECURITIES AND EXCHANGE COMMISSION,)
Plaintiff,)
v.) Case No. 1:18-cv-10797-WGY
PIXARBIO CORP.,)
FRANCIS M. REYNOLDS,)
KENNETH A. STROMSLAND and)
M. JAY HEROD,)
Defendants.)

)

FINAL JUDGMENT AS TO DEFENDANT M. JAY HEROD

The Securities and Exchange Commission having filed a Complaint and Defendant M. Jay Herod (“Herod”) having entered a general appearance, consented to the Court’s jurisdiction over himself and over the subject matter of this action, consented to entry of this Final Judgment, 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 Herod is permanently restrained and enjoined from violating 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, directly or indirectly, 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.

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) Herod's agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Herod or with anyone described in (a).

II.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Herod 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)] by, in the offer or sale of any security, using any means or instruments of transportation or communication in interstate commerce or 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) Herod's agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Herod or with anyone described in (a).

III.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Herod is permanently restrained and enjoined from violating Section 5 of the Securities Act [15 U.S.C. §77e] by, directly or indirectly, in the absence of any applicable exemption:

- (a) Unless a registration statement is in effect as to a security, making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell such security through the use or medium of any prospectus or otherwise;
- (b) Unless a registration statement is in effect as to a security, carrying or causing to be carried through the mails or in interstate commerce, by any means or instruments of transportation, any such security for the purpose of sale or for delivery after sale; or
- (c) Making use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise any security, unless a registration statement has been filed with the Commission as to such security, or while the registration statement is the subject of a refusal order or stop order or (prior to the

effective date of the registration statement) any public proceeding or examination under Section 8 of the Securities Act [15 U.S.C. §77h].

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) Herod's agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Herod or with anyone described in (a).

IV.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Herod is permanently restrained and enjoined from violating Section 9(a) of the Exchange Act [15 U.S.C. §78i(a)] by, directly or indirectly, using the mails or any means or instrumentality of interstate commerce or of any facility of any national securities exchange:

- (a) to effect a transaction in a security which involves no change in the beneficial ownership for the purpose of creating a false or misleading appearance of active trading in the security; or
- (b) to effect a series of transactions in a security creating actual or apparent active trading in such security, or raising or depressing the price of such security, for the purpose of inducing the purchase or sale of such security by others.

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) Herod's agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Herod or with anyone described in (a).

V.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Herod is permanently barred from participating in an offering of penny stock, including engaging in activities with a broker, dealer, or issuer for purposes of issuing, trading, or inducing or attempting to induce the purchase or sale of any penny stock. The term “penny stock” is defined in Section 3(51)(A) of the Exchange Act [15 U.S.C. §78c(51)(A)] and Rule 3a51-1 therender [17 C.F.R. §240.3a51-1].

VI.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Herod shall, within fourteen (14) days from the date this Final Judgment is entered, surrender to PixarBio Corp. or to its transfer agent, Action Stock Transfer Corp., with instructions to cancel, all shares of stock of PixarBio Corp. in his possession, custody or control. Herod shall simultaneously transmit photocopies of evidence of such surrender to the Commission’s counsel in this action.

VII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Herod is liable for disgorgement of \$110,000 representing profits gained as a result of the conduct alleged in the Complaint, plus prejudgment interest thereon in the amount of \$16,845 for a total of \$126,845, with the disgorgement obligation to be deemed satisfied by Herod’s compliance with an order of restitution entered in the related criminal proceeding of *United States v. Francis M. Reynolds et al.*, Case No. 1:18-cr-10154-DPW (D.Mass.).

VIII.

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

IX.

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.

X.

There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the Clerk is directed to enter this Final Judgment forthwith and without further notice.

Dated: **September 14, 2020**

/s/**William G. Young** _____
UNITED STATES DISTRICT JUDGE