



1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

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

SECURITIES AND EXCHANGE  
COMMISSION,  
  
Plaintiff,  
  
vs.  
  
DANIEL ADAMS, MICHAEL A.  
FLANDERS, SPIDERWORX MEDIA  
LLC, and AN L.A. MINUTE LLC,  
  
Defendants.

Case No. 2:19-cv-01412-FMO-RAO

~~[PROPOSED]~~ FINAL JUDGMENT AS  
TO DEFENDANT DANIEL ADAMS

1 The Securities and Exchange Commission (the “Commission”) having filed a  
2 Complaint and Defendant Daniel Adams (“Defendant”) having entered a general  
3 appearance; consented to the Court’s jurisdiction over Defendant and the subject  
4 matter of this action; consented to entry of this Final Judgment without admitting or  
5 denying the allegations of the Complaint (except as to jurisdiction and except as  
6 otherwise provided herein in paragraph VII); waived findings of fact and conclusions  
7 of law; and waived any right to appeal from 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 a  
18 material fact necessary in order to make the statements made, in the light  
19 of the circumstances under which they were made, not misleading; or  
20 (c) to engage in any act, practice, or course of business which operates or  
21 would operate as a fraud or deceit upon any person.

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

1 II.

2 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that  
3 Defendant is permanently restrained and enjoined from violating Section 17(a) of the  
4 Securities Act of 1933 (the “Securities Act”) [15 U.S.C. § 77q(a)] in the offer or sale  
5 of any security by the use of any means or instruments of transportation or  
6 communication in interstate commerce or by use of the mails, directly or indirectly:

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

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

20 III.

21 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that  
22 Defendant is permanently enjoined from directly or indirectly, including, but not  
23 limited to, through any entity owned or controlled by him, participating in the  
24 issuance, purchase, offer, or sale of any security in an unregistered offering by an  
25 issuer.

26 IV.

27 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that  
28 Defendant is liable for disgorgement of \$50,562, representing profits gained as a

1 result of the conduct alleged in the Complaint, together with prejudgment interest  
2 thereon in the amount of \$7,087.99, and a civil penalty in the amount of \$50,562  
3 pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)], and Section  
4 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)]. Defendant shall satisfy this  
5 obligation by paying \$108,211.99 to the Securities and Exchange Commission  
6 pursuant to the terms of the payment schedule set forth in paragraph V below after  
7 entry of this Final Judgment.

8 Defendant may transmit payment electronically to the Commission, which will  
9 provide detailed ACH transfer/Fedwire instructions upon request. Payment may also  
10 be made directly from a bank account via Pay.gov through the SEC website at  
11 <http://www.sec.gov/about/offices/ofm.htm>. Defendant may also pay by certified  
12 check, bank cashier's check, or United States postal money order payable to the  
13 Securities and Exchange Commission, which shall be delivered or mailed to

14 Enterprise Services Center  
15 Accounts Receivable Branch  
16 6500 South MacArthur Boulevard  
Oklahoma City, OK 73169

17 and shall be accompanied by a letter identifying the case title, civil action number,  
18 and name of this Court; Daniel Adams as a defendant in this action; and specifying  
19 that payment is made pursuant to this Final Judgment.

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

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

1 any interest and income earned thereon (collectively, the “Fund”), pending further  
2 order of the Court.

3 The Commission may propose a plan to distribute the Fund subject to the  
4 Court’s approval. Such a plan may provide that the Fund shall be distributed  
5 pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of  
6 2002. The Court shall retain jurisdiction over the administration of any distribution  
7 of the Fund. If the Commission staff determines that the Fund will not be distributed,  
8 the Commission shall send the funds paid pursuant to this Final Judgment to the  
9 United States Treasury.

10 Regardless of whether any such Fair Fund distribution is made, amounts  
11 ordered to be paid as civil penalties pursuant to this Judgment shall be treated as  
12 penalties paid to the government for all purposes, including all tax purposes. To  
13 preserve the deterrent effect of the civil penalty, Defendant shall not, after offset or  
14 reduction of any award of compensatory damages in any Related Investor Action  
15 based on Defendant’s payment of disgorgement in this action, argue that he is entitled  
16 to, nor shall he further benefit by, offset or reduction of such compensatory damages  
17 award by the amount of any part of Defendant’s payment of a civil penalty in this  
18 action (“Penalty Offset”). If the court in any Related Investor Action grants such a  
19 Penalty Offset, Defendant shall, within 30 days after entry of a final order granting  
20 the Penalty Offset, notify the Commission’s counsel in this action and pay the amount  
21 of the Penalty Offset to the United States Treasury or to a Fair Fund, as the  
22 Commission directs. Such a payment shall not be deemed an additional civil penalty  
23 and shall not be deemed to change the amount of the civil penalty imposed in this  
24 Judgment. For purposes of this paragraph, a “Related Investor Action” means a  
25 private damages action brought against Defendant by or on behalf of one or more  
26 investors based on substantially the same facts as alleged in the Complaint in this  
27 action.  
28

V.

1  
2 Daniel Adams shall pay the total of disgorgement, prejudgment interest, and  
3 civil penalty due of \$108,211.99 in four (4) of installments to the Commission  
4 according to the following schedule: (1) \$27,053 within 90 days of entry of this Final  
5 Judgment; (2) \$27,053 within 180 days of entry of this Final Judgment; (3) \$27,053  
6 within 270 days of entry of this Final Judgment; and (3) \$27,053 within 360 days of  
7 entry of this Final Judgment. Payments shall be deemed made on the date they are  
8 received by the Commission and shall be applied first to post-judgment interest,  
9 which accrues pursuant to 28 U.S.C. § 1961 on any unpaid amounts due after 14 days  
10 of the entry of this Final Judgment. Prior to making the final payment set forth  
11 herein, Daniel Adams shall contact the staff of the Commission for the amount due  
12 for the final payment.

13 If Daniel Adams fails to make any payment by the date agreed and/or in the  
14 amount agreed according to the schedule set forth above, all outstanding payments  
15 under this Final Judgment, including post-judgment interest, minus any payments  
16 made, shall become due and payable immediately at the discretion of the staff of the  
17 Commission without further application to the Court.

18 VI.

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

23 VII.

24 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, solely for  
25 purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code,  
26 11 U.S.C. §523, the allegations in the complaint are true and admitted by Defendant,  
27 and further, any debt for disgorgement, prejudgment interest, civil penalty or other  
28 amounts due by Defendant under this Final Judgment or any other judgment, order,

1 consent order, decree or settlement agreement entered in connection with this  
2 proceeding, is a debt for the violation by Defendant of the federal securities laws or  
3 any regulation or order issued under such laws, as set forth in Section 523(a)(19) of  
4 the Bankruptcy Code, 11 U.S.C. §523(a)(19).

5 VIII.

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

9 IX.

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

13  
14 Dated: December 2, 2019

15  
16 /s/ Fernando M. Olguin  
17 UNITED STATES DISTRICT JUDGE  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28