

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA**

CASE NO: 20-cv-80435-MIDDLEBROOKS

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

SCOTT O. HIRSCH;  
KENNETH L. FRIEDMAN,

Defendants.

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**FINAL JUDGMENT AGAINST DEFENDANT SCOTT O. HIRSCH**

THIS CAUSE is before the Court upon Plaintiff Securities and Exchange Commission's Complaint (DE 1) and Defendant Scott O. Hirsch having: entered a general appearance; consented to the Court's jurisdiction over him 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 subject matter and personal jurisdiction, which Hirsch admits, and except as set forth in Section V below); waived findings of fact and conclusions of law; and waived any right to appeal from this Final Judgment:

**I.**

**PERMANENT INJUNCTION**

**IT IS ORDERED AND ADJUDGED** that Hirsch is 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(a) and (c) promulgated thereunder [17 C.F.R. § 240.10b-5(a) and (c)], 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, to employ any device, scheme, or artifice to defraud and/or to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person, by: (i) buying or selling of any security of any issuer, on the basis of material nonpublic information, in breach of a fiduciary duty or other duty of trust or confidence that is owed directly, indirectly, or derivatively, to the issuer of that security or the shareholders of that issuer, or to any other person who is the source of the information; or (ii) communicating material nonpublic information about a security or issuer, in breach of a fiduciary duty or other duty of trust or confidence, to another person or persons for purposes of buying or selling any security.

**IT IS FURTHER ORDERED AND ADJUGED** 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) Hirsch's offices, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Hirsch or with anyone described in (a).

## **II.**

### **DISGORGEMENT, PREJUDGMENT INTEREST, AND CIVIL PENALTY**

**IT IS FURTHER ORDERED AND ADJUDGED** that Hirsch is liable for disgorgement of \$74,536, representing profits gained as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$9,585 and a civil penalty in the amount of \$95,472 pursuant to Section 21A of the Exchange Act [15 U.S.C. § 78u(d)]. Hirsch shall satisfy this obligation by paying \$179,593 to the Securities and Exchange Commission pursuant to the terms of the payment schedule set forth in Paragraph III below after entry of this Final Judgment.

Hirsch 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>. Hirsch 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; Scott O. Hirsch as a defendant in this action; and specifying that payment is made pursuant to this Final Judgment.

Hirsch shall simultaneously transmit photocopies of evidence of payment and case identifying information to the Commission's counsel in this action:

Jordan A. Cortez, Esq.  
U.S. Securities and Exchange Commission  
Division of Enforcement  
801 Brickell Avenue, Suite 1800  
Miami, Florida 33131

By making this payment, Hirsch relinquishes all legal and equitable right, title, and interest in such funds and no part of the funds shall be returned to Hirsch. 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 prejudgment interest by moving for civil contempt (and/or through other collection procedures authorized by law) at any time after 30 days following entry of this Final Judgment. Hirsch shall pay post judgment interest on any delinquent amounts pursuant to 28 U.S.C. § 1961.

**III.**

**PAYMENT PLAN**

Hirsch shall pay the total of disgorgement, prejudgment interest, and a civil penalty due of \$179,593 in five installments to the Commission according to the following schedule: (1) \$50,000 within 30 days of entry of this Final Judgment; (2) \$32,398.25 within 90 days of entry of this Final Judgment; (3) \$32,398.25 within 180 days of entry of this Final Judgment; (4) \$32,398.25 within 270 days of entry of this Final Judgment; and (5) \$32,398.25 plus all accrued post-judgment interest within 360 days of entry of this Final Judgment. Payments shall be deemed made on the date they are received by the Commission and shall be applied first to post judgment interest, which accrues pursuant to 28 U.S.C. § 1961 on any unpaid amounts due after 30 days of the entry of Final Judgment. Prior to making the final payment set forth herein, Hirsch shall contact the staff of the Commission for the amount due for the final payment.

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

**IV.**

**INCORPORATION OF CONSENT**

**IT IS FURTHER ORDERED AND ADJUDGED** that the Consent is incorporated herein with the same force and effect as if fully set forth herein, and that Hirsch shall comply with all of the undertakings and agreements set forth therein.

V.

**BANKRUPTCY NONDISCHARGEABILITY**

**IT IS FURTHER ORDERED AND ADJUDGED** that, solely for purposes of 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 Hirsch, and further, any debt for disgorgement, prejudgment interest, civil penalty, or other amounts due by Hirsch under the Final Judgment or any other judgment, order, consent order, decree, or settlement agreement entered in connection with this proceeding, is a debt for Hirsch's violation 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)].

VI.

**RETENTION OF JURISDICTION**

**IT IS FURTHER ORDERED AND ADJUDGED** that this Court shall retain jurisdiction of this matter for a period of one year for the purposes of enforcing the terms of this Final Judgment.

**SIGNED** in Chambers at West Palm Beach, Florida, this 18<sup>th</sup> day of March, 2020.



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DONALD M. MIDDLEBROOKS  
UNITED STATES DISTRICT JUDGE