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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA

Securities and Exchange Commission,

Plaintiff,

vs.

Luke C. Zouvas, et al.,

Defendants.

No. CV-17-00427-PHX-SPL

**CONSENT OF DEFENDANT
CHRISTOPHER D. LARSON TO
FINAL JUDGMENT**

1 1. Defendant Christopher D. Larson (“Larson”) acknowledges having been
2 served with the Complaint in this action, enters a general appearance, and admits the
3 Court’s jurisdiction over him and over the subject matter of this action.

4 2. Without admitting or denying the allegations of the Complaint (except as
5 provided herein in Paragraph 12 and except as to personal and subject matter jurisdiction,
6 which Larson admits), Larson hereby consents to the entry of the final judgment in the
7 form attached hereto (the “Final Judgment”) and incorporated by reference herein, which,
8 among other things:

9 (a) permanently restrains and enjoins Larson from violations of Section
10 17(a) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. § 77q(a); and Section
11 10(b) and Rule 10b-5 of the Securities Exchange Act of 1934 (“Exchange Act”), 15
12 U.S.C. § 78j(b) and 17 C.F.R. § 240.10b-5;

13 (b) restrains and enjoins Larson, for a period of five years from the date
14 of entry of the Final Judgment, from, directly or indirectly, including, but not limited to,
15 through any entity owned or controlled by Larson, (1) being the controlling shareholder of
16 the issuer of any security (which term “controlling shareholder” means the possession,
17 direct or indirect, of the power to direct or cause the direction of the management and
18 policies of an issuer, whether through the ownership of voting securities, by contract, or
19 otherwise); (2) promoting any issuer of any security, causing the promotion of any issuer
20 of any security, deriving compensation from the promotion of any issuer of any security;
21 or (3) soliciting any person or entity to purchase or sell any security, or to hold any
22 security as nominee; unless that security is: (i) listed on a national securities exchange; or
23 (ii) has had a market capitalization of at least \$50,000,000 for 90 consecutive days;

24 (c) orders Larson to pay disgorgement in the amount of \$291,000, plus
25 prejudgment interest thereon in the amount of \$29,672, jointly and severally with
26 Defendant Cameron F. Robb;

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1 (d) orders Larson to pay a civil penalty in the amount of \$75,000 under
2 Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d)(3) of the
3 Exchange Act, 15 U.S.C. § 78u(d)(3); and

4 (e) prohibits Larson under Section 20(e) of the Securities Act, 15 U.S.C.
5 § 77t(e), and Section 21(d)(2) of the Exchange Act, 15 U.S.C. § 78u(d)(2), from acting as
6 an officer or director of any issuer that has a class of securities registered pursuant to
7 Section 12 of the Exchange Act, 15 U.S.C. § 78l, or that is required to file reports
8 pursuant to Section 15(d) of the Exchange Act, 15 U.S.C. § 78o(d), for a period of five
9 years from the date of entry of the Final Judgment.

10 3. Larson acknowledges that the civil penalty paid pursuant to the Final
11 Judgment may be distributed pursuant to the Fair Fund provisions of Section 308(a) of the
12 Sarbanes-Oxley Act of 2002. Regardless of whether any such Fair Fund distribution is
13 made, the civil penalty shall be treated as a penalty paid to the government for all
14 purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty,
15 Larson agrees that he shall not, after offset or reduction of any award of compensatory
16 damages in any Related Investor Action based on Larson's payment of disgorgement in
17 this action, argue that he is entitled to, nor shall he further benefit by, offset or reduction
18 of such compensatory damages award by the amount of any part of his payment of a civil
19 penalty in this action ("Penalty Offset"). If the court in any Related Investor Action
20 grants such a Penalty Offset, Larson agrees that he shall, within 30 days after entry of a
21 final order granting the Penalty Offset, notify the Commission's counsel in this action and
22 pay the amount of the Penalty Offset to the United States Treasury or to a Fair Fund, as
23 the Commission directs. Such a payment shall not be deemed an additional civil penalty
24 and shall not be deemed to change the amount of the civil penalty imposed in this action.
25 For purposes of this paragraph, a "Related Investor Action" means a private damages
26 action brought against Larson by or on behalf of one or more investors based on
27 substantially the same facts as alleged in the Complaint in this action.
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1 4. Larson agrees that he shall not seek or accept, directly or indirectly,
2 reimbursement or indemnification from any source, including but not limited to payment
3 made pursuant to any insurance policy, with regard to any civil penalty amounts that he
4 pays pursuant to the Final Judgment, regardless of whether such penalty amounts or any
5 part thereof are added to a distribution fund or otherwise used for the benefit of investors.
6 Larson further agrees that he shall not claim, assert, or apply for a tax deduction or tax
7 credit with regard to any federal, state, or local tax for any penalty amounts that he pays
8 pursuant to the Final Judgment, regardless of whether such penalty amounts or any part
9 thereof are added to a distribution fund or otherwise used for the benefit of investors.

10 5. Larson waives the entry of findings of fact and conclusions of law pursuant
11 to Rule 52 of the Federal Rules of Civil Procedure.

12 6. Larson waives the right, if any, to a jury trial and to appeal from the entry of
13 the Final Judgment.

14 7. Larson enters into this Consent voluntarily and represents that no threats,
15 offers, promises, or inducements of any kind have been made by the Commission or any
16 member, officer, employee, agent, or representative of the Commission to induce him to
17 enter into this Consent.

18 8. Larson agrees this Consent shall be incorporated into the Final Judgment
19 with the same force and effect as if fully set forth therein.

20 9. Larson will not oppose enforcement of the Final Judgment on the ground, if
21 any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure,
22 and hereby waives any objection based thereon.

23 10. Larson waives service of the Final Judgment and agrees that entry of the
24 Final Judgment by the Court and filing with the Clerk of the Court will constitute notice to
25 Larson of its terms and conditions.

26 11. Consistent with 17 C.F.R. § 202.5(f), this Consent resolves only the claims
27 asserted against Larson in this civil proceeding. Larson acknowledges that no promise or
28 representation has been made by the Commission or any member, officer, employee,

1 agent, or representative of the Commission with regard to any criminal liability that may
2 have arisen or may arise from the facts underlying this action or immunity from any such
3 criminal liability. Larson waives any claim of Double Jeopardy based upon the settlement
4 of this proceeding, including the imposition of any remedy or civil penalty herein. Larson
5 further acknowledges that the Court's entry of a permanent injunction may have collateral
6 consequences under federal or state law and the rules and regulations of self-regulatory
7 organizations, licensing boards, and other regulatory organizations. Such collateral
8 consequences include, but are not limited to, a statutory disqualification with respect to
9 membership or participation in, or association with a member of, a self-regulatory
10 organization. This statutory disqualification has consequences that are separate from any
11 sanction imposed in an administrative proceeding. In addition, in any disciplinary
12 proceeding before the Commission based on the entry of the injunction in this action,
13 Larson understands that he shall not be permitted to contest the factual allegations of the
14 Complaint in this action.

15 12. Larson understands and agrees to comply with the terms of 17 C.F.R.
16 § 202.5(e), which provides in part that it is the Commission's policy "not to permit a
17 defendant or respondent to consent to a judgment or order that imposes a sanction while
18 denying the allegations in the complaint or order for proceedings," and "a refusal to admit
19 the allegations is equivalent to a denial, unless the defendant or respondent states that he
20 neither admits nor denies the allegations." As part of Larson's agreement to comply with
21 the terms of Section 202.5(e), he: (i) will not take any action or make or permit to be made
22 any public statement denying, directly or indirectly, any allegation in the Complaint or
23 creating the impression that the Complaint is without factual basis; (ii) will not make or
24 permit to be made any public statement to the effect that he does not admit the allegations
25 of the Complaint, or that this Consent contains no admission of the allegations, without
26 also stating that he does not deny the allegations; (iii) upon the filing of this Consent,
27 hereby withdraws any papers filed in this action to the extent that they deny any allegation
28 in the Complaint; and (iv) stipulates solely for purposes of exceptions to discharge set

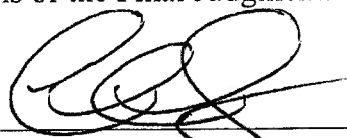
1 forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, that the allegations in the
2 Complaint are true, and further, that any debt for disgorgement, prejudgment interest, civil
3 penalty or other amounts due by Larson under the Final Judgment or any other judgment,
4 order, consent order, decree or settlement agreement entered in connection with this
5 proceeding, is a debt for the violation by Larson of the federal securities laws or any
6 regulation or order issued under such laws, as set forth in Section 523(a)(19) of the
7 Bankruptcy Code, 11 U.S.C. § 523(a)(19). If Larson breaches this agreement, the
8 Commission may petition the Court to vacate the Final Judgment and restore this action to
9 its active docket. Nothing in this paragraph affects Larson's: (i) testimonial obligations; or
10 (ii) right to take legal or factual positions in litigation or other legal proceedings in which
11 the Commission is not a party.

12 13. Larson hereby waives any rights under the Equal Access to Justice Act, the
13 Small Business Regulatory Enforcement Fairness Act of 1996, or any other provision of
14 law to seek from the United States, or any agency, or any official of the United States
15 acting in his or her official capacity, directly or indirectly, reimbursement of attorney's
16 fees or other fees, expenses, or costs expended by Larson to defend against this action.
17 For these purposes, Larson agrees that he is not the prevailing party in this action since the
18 parties have reached a good faith settlement.

19 14. Larson agrees the Commission may present the Final Judgment to the Court
20 for signature and entry without further notice.

21 15. Larson agrees the Court shall retain jurisdiction over him and over this
22 matter for the purpose of enforcing the terms of the Final Judgment.

23
24 DATED: March 13, 2020


CHRISTOPHER D. LARSON

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STATE OF ARIZONA)
) ss:
COUNTY OF MARICOPA)

On the date set forth above, before me personally appeared Christopher D. Larson, who is personally known to me or who produced a valid driver's license bearing his name and photograph as identification, and who executed the foregoing Consent and acknowledged to me that he executed the same with full authority to do so.

Kathy A. Baker
Notary Public

2.2.2023
Commission Expires:



Approved as to form:

[Signature]

Jason Hopkins
DLA Piper LLP
1900 N. Pearl St., Suite 2200
Dallas, TX 75201
Phone: (214) 743-4546

Attorney for Defendant Christopher D. Larson

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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA

Securities and Exchange Commission,

Plaintiff,

vs.

Luke C. Zouvas, et al.,

Defendants.

No. CV-17-00427-PHX-SPL

**FINAL JUDGMENT AS TO
DEFENDANTS CHRISTOPHER D.
LARSON AND CAMERON F. ROBB**

Plaintiff Securities and Exchange Commission (“Commission”) having filed a Complaint and Defendants Christopher D. Larson (“Larson”) and Cameron F. Robb (“Robb”) (collectively, “Defendants”) having (i) entered general appearances; (ii) consented to the Court’s jurisdiction over them and the subject matter of this action; (iii) consented to entry of this Final Judgment without admitting or denying the allegations of the Complaint (except as to jurisdiction and except as otherwise provided herein in Paragraph IX); (iv) waived findings of fact and conclusions of law; and (v) waived any right to appeal from this Final Judgment;

IT IS HEREBY ORDERED AND ADJUDGED that:

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I.

**PERMANENT INJUNCTION AS TO
SECTION 17(a) OF THE SECURITIES ACT**

Defendants are 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: (i) to employ any device, scheme, or artifice to defraud; (ii) 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 (iii) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

As provided in Fed. R. Civ. P. 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Defendants’ officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendants or with anyone described in (a).

II.

**PERMANENT INJUNCTION AS TO
SECTION 10(b) AND RULE 10b-5 OF THE EXCHANGE ACT**

Defendants 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: (i) to employ any device, scheme, or artifice to defraud; (ii) 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

1 misleading; or (iii) to engage in any act, practice, or course of business which operates or
2 would operate as a fraud or deceit upon any person.

3 As provided in Fed. R. Civ. P. 65(d)(2), the foregoing paragraph also binds the
4 following who receive actual notice of this Final Judgment by personal service or
5 otherwise: (a) Defendants' officers, agents, servants, employees, and attorneys; and (b)
6 other persons in active concert or participation with Defendants or with anyone described
7 in (a).

8 III.

9 CONDUCT-BASED INJUNCTION AS TO LARSON

10 Larson is restrained and enjoined, pursuant to Section 21(d)(5) of the Exchange
11 Act, 15 U.S.C. § 78u(d)(5), for a period of five years from the date of entry of the Final
12 Judgment, from, directly or indirectly, including, but not limited to, through any entity
13 owned or controlled by Larson:

14 (1) being the controlling shareholder of the issuer of any security (which term
15 "controlling shareholder" means the possession, direct or indirect, of the power to direct
16 or cause the direction of the management and policies of an issuer, whether through the
17 ownership of voting securities, by contract, or otherwise);

18 (2) promoting any issuer of any security, causing the promotion of any issuer of
19 any security, deriving compensation from the promotion of any issuer of any security; or

20 (3) soliciting any person or entity to purchase or sell any security, or to hold any
21 security as nominee;

22 unless that security is: (i) listed on a national securities exchange; or (ii) has had a
23 market capitalization of at least \$50,000,000 for 90 consecutive days.

24 As provided in Fed. R. Civ. P. 65(d)(2), the foregoing paragraph also binds the
25 following who receive actual notice of this Final Judgment by personal service or
26 otherwise: (a) Larson's officers, agents, servants, employees, and attorneys; and (b) other
27 persons in active concert or participation with Larson or with anyone described in (a).

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IV.

CONDUCT-BASED INJUNCTION AS TO ROBB

Robb is restrained and enjoined, pursuant to Section 21(d)(5) of the Exchange Act, 15 U.S.C. § 78u(d)(5), for a period of five years from the date of entry of the Final Judgment, from, directly or indirectly, including, but not limited to, through any entity owned or controlled by Robb:

(1) promoting any issuer of any security, causing the promotion of any issuer of any security, deriving compensation from the promotion of any issuer of any security; or

(2) soliciting any person or entity to purchase or sell any security, or to hold any security as nominee;

unless that security is: (i) listed on a national securities exchange; or (ii) has had a market capitalization of at least \$50,000,000 for 90 consecutive days.

As provided in Fed. R. Civ. P. 65(d)(2), the foregoing paragraph also binds the following who receive actual notice of this Final Judgment by personal service or otherwise: (a) Robb's officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Robb or with anyone described in (a).

V.

OFFICER AND DIRECTOR BAR

Defendants are prohibited, pursuant to Section 20(e) of the Securities Act, 15 U.S.C. § 77t(e), and Section 21(d)(2) of the Exchange Act, 15 U.S.C. § 78u(d)(2), for a period of five years from the date of entry of the 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).

VI.

DISGORGEMENT, PREJUDGMENT INTEREST AND CIVIL PENALTY

Defendants are liable, jointly and severally, for disgorgement of \$291,000, representing profits gained as a result of the conduct alleged in the Complaint, together

1 with prejudice interest thereon in the amount of \$29,672. Each Defendant also is
2 individually liable for a civil penalty in the amount of \$75,000 pursuant to Section 20(d)
3 of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d)(3) of the Exchange Act, 15
4 U.S.C. § 78u(d)(3). Defendants shall satisfy this obligation by paying \$470,672 to the
5 Commission pursuant to the terms of the payment schedule set forth in Paragraph VII
6 below after entry of this Final Judgment.

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

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

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

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

24 The Commission shall hold the funds (collectively, the "Fund") and may propose
25 a plan to distribute the Fund subject to the Court's approval. The Court shall retain
26 jurisdiction over the administration of any distribution of the Fund. If the Commission
27 staff determines that the Fund will not be distributed, the Commission shall send the
28 funds paid pursuant to this Final Judgment to the United States Treasury.

1 The Commission may enforce the Court's judgment for disgorgement and
2 prejudgment interest by moving for civil contempt (and/or through other collection
3 procedures authorized by law) at any time after 30 days following entry of this Final
4 Judgment. Defendants shall pay post judgment interest on any delinquent amounts
5 pursuant to 28 U.S.C. § 1961.

6 **VII.**

7 **PAYMENT SCHEDULE**

8 Defendants shall pay the total of disgorgement, prejudgment interest, and civil
9 penalty due of \$470,672, as set forth in Paragraph VI above, in four (4) installments to
10 the Commission according to the following schedule: (1) \$100,000, within 30 days of
11 entry of the Final Judgment; (2) \$60,000, within 140 days of entry of the Final Judgment;
12 (3) \$60,000, within 250 days of entry of the Final Judgment; and (4) \$250,672, within
13 360 days of entry of the Final Judgment. Payments shall be deemed made on the date
14 they are received by the Commission and shall be applied first to post judgment interest,
15 which accrues pursuant to 28 U.S.C. § 1961 on any unpaid amounts due after 30 days of
16 the entry of Final Judgment. Prior to making the final payment set forth herein,
17 Defendants shall contact the staff of the Commission for the amount due for the final
18 payment.

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

24 **VIII.**

25 **INCORPORATION OF CONSENT**

26 The Consents of Defendants are incorporated herein with the same force and effect
27 as if fully set forth herein, and Defendants shall comply with all of the undertakings and
28 agreements set forth therein.

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IX.

BANKRUPTCY NONDISCHARGEABILITY

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 Defendants, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Defendants 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 Defendants 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).

X.

RETENTION OF JURISDICTION

This Court shall retain jurisdiction of this matter and of Defendants for the purposes of enforcing the terms of this Final Judgment.

XI.

RULE 54(b) CERTIFICATION

There being no just reason for delay, pursuant to Fed. R. Civ. P. 54(b), the Clerk is ordered to enter this Final Judgment forthwith and without further notice.

IT IS SO ORDERED.