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**UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA**

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

Case No. 2:17-cv-01929-SVW-PLA

NASIR N. SHAKOURI, ROBERT S.
TORINO, BRONSON L. QUON, JOHN
S. HONG, and JONATHAN K.
SKARIE,

Defendants.

JUDGMENT AS TO DEFENDANT JOHN S. HONG

The Securities and Exchange Commission having filed a Complaint and Defendant John S. Hong (“Defendant”) having entered a general appearance; consented to the Court’s jurisdiction over Defendant and the subject matter of this action; consented to entry of this Judgment; waived findings of fact and conclusions of law; and waived any right to appeal from this Judgment:

I.

1
2 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant is
3 permanently restrained and enjoined from violating, directly or indirectly, Section
4 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) [15 U.S.C. §
5 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], by using
6 any means or instrumentality of interstate commerce, or of the mails, or of any
7 facility of any national securities exchange, in connection with the purchase or sale of
8 any security:
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- 12 (a) to employ any device, scheme, or artifice to defraud;
 - 13 (b) to make any untrue statement of a material fact or to omit to state a
14 material fact necessary in order to make the statements made, in the light
15 of the circumstances under which they were made, not misleading; or
 - 16 (c) to engage in any act, practice, or course of business which operates or
17 would operate as a fraud or deceit upon any person.
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20 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
21 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
22 binds the following who receive actual notice of this Judgment by personal service or
23 otherwise: (a) Defendant’s officers, agents, servants, employees, and attorneys; and
24 (b) other persons in active concert or participation with Defendant or with anyone
25 described in (a).
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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:
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- 9 (a) to employ any device, scheme, or artifice to defraud;
 - 10 (b) to obtain money or property by means of any untrue statement of a
11 material fact or any omission of a material fact necessary in order to
12 make the statements made, in light of the circumstances under which
13 they were made, not misleading; or
 - 14 (c) to engage in any transaction, practice, or course of business which
15 operates or would operate as a fraud or deceit upon the purchaser.
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18 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
19 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
20 binds the following who receive actual notice of this Judgment by personal service or
21 otherwise: (a) Defendant’s officers, agents, servants, employees, and attorneys; and
22 (b) other persons in active concert or participation with Defendant or with anyone
23 described in (a).
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26 III.

27 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
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1 Defendant is permanently restrained and enjoined from aiding and abetting any
2 violation of Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)] and Rules 12b-
3 20 and 15d-1 promulgated thereunder [17 C.F.R. §§ 240.12b-20, 240.15d-1] by
4 knowingly or recklessly providing substantial assistance to an issuer that:
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- 6 (a) fails to file an annual report within the period specified in the
7 appropriate report form for the fiscal year in which a registration
8 statement under the Securities Act became effective and for each fiscal
9 year thereafter, unless the registrant is exempt from such filing by
10 Section 15(d) of the Exchange Act or the rules thereunder; or
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12 (b) fails to include in an annual report the information expressly required to
13 be included in an annual report and such further material information as
14 may be necessary to make the required statements, in the light of the
15 circumstances under which they are made not misleading.
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18 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
19 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
20 binds the following who receive actual notice of this Judgment by personal service or
21 otherwise: (a) Defendant's officers, agents, servants, employees, and attorneys; and
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23 (b) other persons in active concert or participation with Defendant or with anyone
24 described in (a).
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1 IV.

2 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
3 Defendant is permanently restrained and enjoined from aiding and abetting any
4 violation of Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)] by
5 knowingly or recklessly providing substantial assistance to an issuer that fails to
6 make and keep books, records, and accounts, which, in reasonable detail, accurately
7 and fairly reflect the transactions and dispositions of the assets of the issuer.
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10 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
11 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
12 binds the following who receive actual notice of this Judgment by personal service or
13 otherwise: (a) Defendant's officers, agents, servants, employees, and attorneys; and
14 (b) other persons in active concert or participation with Defendant or with anyone
15 described in (a).
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18 V.

19 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant is
20 permanently restrained and enjoined from violating, directly or indirectly, Section
21 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)] and Rule 13b2-1 promulgated
22 thereunder [17 C.F.R. § 240.13b2-1], by knowingly failing to implement a system of
23 internal accounting controls or falsifying or causing to be falsified any book, record,
24 or account subject to Section 13(b)(2) of the Exchange Act.
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1 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
2 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
3 binds the following who receive actual notice of this Judgment by personal service or
4 otherwise: (a) Defendant's officers, agents, servants, employees, and attorneys; and
5 (b) other persons in active concert or participation with Defendant or with anyone
6 described in (a).
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9 VI.

10 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, pursuant
11 to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)] and Section 20(e) of
12 the Securities Act [15 U.S.C. § 77t(e)], Defendant is prohibited from acting as an
13 officer or director of any issuer that has a class of securities registered pursuant to
14 Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports
15 pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].
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18 VII.

19 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
20 Defendant shall pay disgorgement of ill-gotten gains, prejudgment interest thereon,
21 and a civil penalty pursuant to Section 20(d) of the Securities Act [15 U.S.C.
22 § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)]. The
23 Court shall determine the amounts of the disgorgement and civil penalty upon motion
24 of the Commission. Prejudgment interest shall be calculated from the dates of the
25 violations set out in the Complaint, based on the rate of interest used by the Internal
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1 Revenue Service for the underpayment of federal income tax as set forth in 26 U.S.C.
2 § 6621(a)(2). In connection with the Commission's motion for disgorgement and/or
3 civil penalties, and at any hearing held on such a motion: (a) Defendant will be
4 precluded from arguing that he did not violate the federal securities laws as alleged in
5 the Complaint; (b) Defendant may not challenge the validity of the Consent or this
6 Judgment; (c) solely for the purposes of such motion, the allegations of the Complaint
7 shall be accepted as and deemed true by the Court; and (d) the Court may determine
8 the issues raised in the motion on the basis of affidavits, declarations, excerpts of
9 sworn deposition or investigative testimony, and documentary evidence, without
10 regard to the standards for summary judgment contained in Rule 56(c) of the Federal
11 Rules of Civil Procedure. In connection with the Commission's motion for
12 disgorgement and/or civil penalties, the parties may take discovery, including
13 discovery from appropriate non-parties.
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18 VIII.

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

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27 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, for
28 purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code,

1 11 U.S.C. § 523, the allegations in the Complaint are true and admitted by Defendant,
2 and further, any debt for disgorgement, prejudgment interest, civil penalty or other
3 amounts due by Defendant under this Judgment or any other judgment, order, consent
4 order, decree or settlement agreement entered in connection with this proceeding, is a
5 debt for the violation by Defendant of the federal securities laws or any regulation or
6 order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy
7 Code, 11 U.S.C. § 523(a)(19).
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10 X.

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12 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court
13 shall retain jurisdiction of this matter for the purposes of enforcing the terms of this
14 Judgment.
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17 Dated: October 5, 2017, _____

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21 Honorable Stephen V. Wilson
22 United States District Judge
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