

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

ADMINISTRATIVE PROCEEDINGS RULINGS  
Release No. 3314/November 13, 2015

ADMINISTRATIVE PROCEEDING  
File No. 3-16730

In the Matter of  
  
REID S. JOHNSON

ORDER REGARDING MOTION  
FOR SUMMARY DISPOSITION,  
SCHEDULING, AND  
SETTLEMENT DISCUSSIONS

On November 6, 2015, this Office received the parties' Joint Stipulation and Proposed Order Requesting Entry of Order on Liability and Scheduling of Settlement Conference. I held a prehearing conference on November 12, 2015, to discuss the parties' filing. In light of the parties' joint stipulation, I DENIED the Division of Enforcement's pending motion for summary disposition as moot. I also relieved the parties of two scheduling deadlines: the November 20, 2015, deadline for filing and exchanging exhibits, exhibit lists, and witness lists; and the December 7, 2015, deadline for filing and exchanging prehearing briefs and expert reports. However, the parties may choose to file expert reports and prehearing briefs in advance of the settlement conference.

For the purpose of facilitating settlement discussions only, this matter is referred to Administrative Law Judge Jason S. Patil, who is designated as the Settlement ALJ.<sup>1</sup> To allow for candid discussions, all communications between the parties and the Settlement ALJ will remain confidential. I will not be privy to them or their content, and I will not discuss the proceeding with the Settlement ALJ. Accordingly, the following are ORDERED:

By November 20, 2015, the parties will file a joint motion indicating their willingness to participate in good faith in a confidential settlement process. The joint motion must reflect that:

- The parties agree that their representations and submissions, including any statement made by any party, attorney, or other participant, are confidential. The parties' submissions will not be construed as an admission against interest and nothing said at such sessions may be used in connection with the proceeding, should the parties be unable to reach an agreement.

---

<sup>1</sup> Although I stated during the prehearing conference that a settlement conference could be held in person in Phoenix, Arizona, I have since learned that this Office's administrative law judges cannot travel solely to hold settlement conferences. If practicable, however, the parties may travel to Washington, D.C., for any settlement conference.

- The parties understand that the settlement process will be facilitated by the Settlement ALJ, who will not discuss any representations or submissions of the parties with the presiding Administrative Law Judge.
- The parties understand that communications with the Settlement ALJ, including any submissions to him, will not be part of this proceeding's record, nor will any settlement discussions be transcribed.
- The parties waive: (1) the right to claim bias or prejudice by the Settlement ALJ based on any views expressed during the settlement process; (2) the right to a public proceeding; (3) the right to a proceeding on the record; and (4) any objection to the Settlement ALJ conferring with either party *ex parte* in the course of settlement. *See* 17 C.F.R. § 201.240(c)(2).

Also by November 20, 2015, unless the Settlement ALJ orders otherwise, the parties shall each submit a confidential settlement statement (CSS) by email only, directly to the Settlement ALJ, at [PatilJ@sec.gov](mailto:PatilJ@sec.gov). DO NOT SEND COPIES OF THE CSS TO THE OFFICE OF THE SECRETARY, THE ASSIGNED ADMINISTRATIVE LAW JUDGE, OTHER COUNSEL/PARTIES, OR THIS OFFICE'S MAIN E-MAIL BOX ([alj@sec.gov](mailto:alj@sec.gov)). Each party's CSS should do the following:

- Describe any settlement offers made and the current status of settlement discussions;
- Identify the acceptable range of monetary penalties or remedial actions in valuing the case for settlement purposes;
- Identify additional information or action, if any, required by the party in order to engage in meaningful settlement negotiations;
- Assuming the Settlement ALJ's familiarity with the OIP, Answer, and general arguments, describe the factual and legal support for the party's *key* claims and defenses. Factual claims should be supported by reference to evidence (such as a document or what a witness will testify to), and legal claims by reference to binding or persuasive authorities. Each party should highlight any weaknesses in its opponent's case. Each party is invited to append exhibits to its CSS.

The Settlement ALJ may hold prehearing conferences and settlement conferences by telephone, videoconference, or in person, jointly with the parties or separately, as he deems necessary. The parties' representatives at any settlement conference must bring, or have immediately available by appropriate means, an individual with settlement authority.

The confidential settlement process is not intended to supplant the parties' independent, good faith efforts to reach a mutually agreeable settlement. If a settlement is reached, the parties should promptly notify the presiding Administrative Law Judge with a motion to stay, as the Settlement ALJ will not communicate to the presiding Administrative Law Judge any information on the status of the parties' confidential settlement negotiations.

---

Cameron Elliot  
Administrative Law Judge