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

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

VERDEGROUP INVESTMENT
PARTNERS, INC.; THOMAS
GAFFNEY; and LISA GORDON,

Defendants,

and

TOMMY'S PIZZA VENTURES,
INC.; and CYNTHIA GAFFNEY,

Relief Defendants.

Case No. 2:21-cv-07663-SB-ADS

AMENDED FINAL JUDGMENT

1 For the reasons stated in the Court’s January 14, 2022 order granting Plaintiff
2 Securities and Exchange Commission’s (SEC) motion for default judgment, Dkt. No.
3 [31](#), and to correct the inadvertent omission from the January 20, 2022 final judgment
4 of one part of the injunctive relief ordered by the Court, the Court enters an amended
5 final judgment as follows:

6 **I.**

7 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendants
8 VerdeGroup and Thomas Gaffney are permanently restrained and enjoined from
9 violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of 1934
10 (the Exchange Act). 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R.
11 § 240.10b-5, in connection with the purchase or sale of any security, by using any
12 means or instrumentality of interstate commerce, or of the mails, or of any facility of
13 any national securities exchange:

- 14 (a) to employ any device, scheme, or artifice to defraud; or
15 (b) to engage in any transaction, practice, or course of business which
16 operates or would operate as a fraud or deceit upon the purchaser.

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

24 **II.**

25 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendants
26 VerdeGroup and/or Thomas Gaffney are permanently restrained and enjoined from
27 violating Section 17(a) of the Securities Act of 1933 (the Securities Act), 15 U.S.C.
28 § 77q(a), in the offer or sale of any security by the use of any means or instruments of

1 transportation or communication in interstate commerce or by use of the mails,
2 directly or indirectly:

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

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

16 **III.**

17 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants
18 VerdeGroup, Thomas Gaffney, and Gordon are permanently restrained and enjoined
19 from violating Section 5 of the Securities Act, 15 U.S.C. § 77e, by, directly or
20 indirectly, in the absence of any applicable exemption:

- 21 (a) unless a registration statement is in effect as to a security, making use of
22 any means or instruments of transportation or communication in
23 interstate commerce or of the mails to sell such security through the use
24 or medium of any prospectus or otherwise;
- 25 (b) unless a registration statement is in effect as to a security, carrying or
26 causing to be carried through the mails or in interstate commerce, by any
27 means or instruments of transportation, any such security for the purpose
28 of sale or for delivery after sale; or

1 (c) making use of any means or instruments of transportation or
2 communication in interstate commerce or of the mails to offer to sell or
3 offer to buy through the use or medium of any prospectus or otherwise
4 any security, unless a registration statement has been filed with the SEC
5 as to such security, or while the registration statement is the subject of a
6 refusal order or stop order or (prior to the effective date of the
7 registration statement) any public proceeding or examination under
8 Section 8 of the Securities Act, 15 U.S.C. § 77h.

9 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
10 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
11 binds the following who receive actual notice of this Judgment by personal service or
12 otherwise: (a) Defendants' officers, agents, servants, employees, and attorneys; and
13 (b) other persons in active concert or participation with Defendants or with anyone
14 described in (a).

15 **IV.**

16 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
17 Defendant Gordon is permanently restrained and enjoined from violating, directly or
18 indirectly, Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a), which makes it
19 unlawful for any broker or dealer which is either a person other than a natural person
20 or a natural person, to make use of the mails or any means or instrumentality of
21 interstate commerce to effect any transactions in, or to induce or attempt to induce the
22 purchase or sale of, any security (other than an exempted security or commercial
23 paper, bankers' acceptances, or commercial bills) unless such broker or dealer is
24 registered in accordance with Section 15(b) of the Exchange Act, 15 U.S.C. § 78o(b).

25 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
26 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
27 binds the following who receive actual notice of this Final Judgment by personal
28 service or otherwise: (a) any officers, agents, servants, employees, and attorneys of

1 Gordon; and (b) other persons in active concert or participation with Gordon or with
2 anyone described in (a).

3 **V.**

4 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that pursuant to
5 Section 21(d)(5) of the Exchange Act, 15 U.S.C. § 78u(d)(5), Defendant Thomas
6 Gaffney is permanently restrained and enjoined from directly or indirectly, including
7 but not limited to, through any entity owned or controlled by him, participating in the
8 issuance, purchase, offer, or sale of any security in an unregistered offering by an
9 issuer provided, however, that such injunction shall not prevent him from purchasing
10 or selling securities for his own personal account.

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

17 **VI.**

18 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants
19 VerdeGroup and Thomas Gaffney and Relief Defendants Tommy's Pizza and
20 Cynthia Gaffney are jointly and severally liable for disgorgement of \$467,110, plus
21 prejudgment interest thereon in the amount of \$3,532.12, for a total of \$470,642.12,
22 all of which represents net profits gained as a result of the conduct alleged in the
23 Complaint, which the Court finds is for the benefit of investors.

24 Defendant VerdeGroup shall pay a civil penalty in the amount of \$500,000,
25 pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section
26 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3). Defendant Thomas Gaffney
27 shall pay a civil penalty in the amount of \$100,000, pursuant to Section 20(d) of the
28 Securities Act, 15 U.S.C. § 77t(d), and Section 21(d)(3) of the Exchange Act, 15

1 U.S.C. § 78u(d)(3). Defendant Gordon shall pay a civil penalty in the amount of
2 \$5,000, pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and
3 Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3).

4 Defendants VerdeGroup, Thomas Gaffney, and Gordon and Relief Defendants
5 Tommy's Pizza and Cynthia Gaffney shall satisfy this obligation by paying the
6 aforementioned sums to the SEC within 14 days after entry of this Judgment.

7 Defendants VerdeGroup, Thomas Gaffney, and Gordon and Relief Defendants
8 Tommy's Pizza and Cynthia Gaffney may transmit payment electronically to the
9 SEC, which will provide detailed ACH transfer/Fedwire instructions upon request.

10 Payment may also be made directly from a bank account via Pay.gov through the
11 SEC website at <http://www.sec.gov/about/offices/ofm.htm>. Defendants VerdeGroup,
12 Thomas Gaffney, and Gordon, and Relief Defendants Tommy's Pizza and Cynthia
13 Gaffney may also pay by certified check, bank cashier's check, or United States
14 postal money order payable to the Securities and Exchange Commission, which shall
15 be delivered or mailed to:

16 Enterprise Service Center
17 Accounts Receivable Branch
18 6500 South MacArthur Boulevard
19 Oklahoma City, OK 73169

20 and shall be accompanied by a letter identifying the case title, civil action number,
21 and name of this Court; VerdeGroup, Thomas Gaffney, and Gordon as defendants
22 and Tommy's Pizza and Cynthia Gaffney as relief defendants in this action; and
23 specifying that payment is made pursuant to this Judgment.

24 Defendants VerdeGroup, Thomas Gaffney, and Gordon and Relief Defendants
25 Tommy's Pizza and Cynthia Gaffney shall simultaneously transmit photocopies of
26 evidence of payment and case identifying information to the SEC's counsel in this
27 action. By making this payment, Defendants VerdeGroup, Thomas Gaffney, and
28 Gordon, and Relief Defendants Tommy's Pizza and Cynthia Gaffney relinquish all

1 legal and equitable right, title, and interest in such funds and no part of the funds shall
2 be returned to Defendants or Relief Defendants.

3 The SEC shall hold the funds (collectively, the Fund) and shall distribute the
4 Fund in a manner consistent with the Supreme Court’s admonition in *Liu* that the
5 disgorgement remedy must be for the benefit of investors. *Liu v. SEC*, 140 S. Ct.
6 1936, 1947–49 (2020). The Court shall retain jurisdiction over the administration of
7 any distribution of the Fund. **The SEC may disburse funds to the defrauded**
8 **investors without seeking leave of Court. If the SEC wishes to send any portion**
9 **of the Fund to the United States Treasury or otherwise dispose of the Fund in**
10 **any manner besides compensating the defrauded investors, the SEC must first**
11 **obtain approval from the Court *unless it has already distributed the full***
12 ***disgorgement amount to investors.***

13 The SEC may enforce the Court’s judgment for disgorgement and prejudgment
14 interest by moving for civil contempt (and/or through other collection procedures
15 authorized by law) at any time after 14 days following entry of this Judgment.
16 Defendants VerdeGroup, Thomas Gaffney, and Gordon, and Relief Defendants
17 Tommy’s Pizza and Cynthia Gaffney shall pay post-judgment interest on any
18 delinquent amounts pursuant to 28 U.S.C. § 1961.

19 **VII.**

20 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court
21 shall retain jurisdiction of this matter for purposes of enforcing the terms of this
22 Judgment.

23 **This is a Final Judgment.**

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25 Dated: March 11, 2022

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28 HON. STANLEY BLUMENFELD JR.
UNITED STATES DISTRICT JUDGE