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7 UNITED STATES DISTRICT COURT  
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9 CENTRAL DISTRICT OF CALIFORNIA

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11 SECURITIES AND EXCHANGE  
12 COMMISSION,

13 Plaintiff,

14 vs.

15 GREGORY LAMONT DRAKE, an  
16 individual; STEPHEN KENNETH  
17 GROSSMAN, an individual;  
18 STEPHEN SCOTT MOLESKI, an  
19 individual; JASON DAVID ST.  
AMOUR, an individual; and DAVID  
ALAN WOLFSON, an individual,

20 Defendants.  
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Case No.: 2:20-cv-00405-MCS-PLA

**FINAL JUDGMENT AS TO  
DEFENDANT STEPHEN  
KENNETH GROSSMAN**

1 This matter came before the Court on plaintiff United States Securities and  
2 Exchange Commission's ("Commission's") Motion for Monetary Remedies as to  
3 Defendant Stephen Kenneth Grossman. The Court, having considered all the  
4 evidence and arguments presented by the parties with regard to the Motion,  
5 Plaintiff's Memorandum of Points and Authorities in support of the Motion, all  
6 other documents filed in support of the Motion, and the record in this action, finds  
7 that:

8 **I.**

9 IT IS HEREBY ORDERED, ADJUDGED AND DECREED that the  
10 Commission's Motion for Monetary Remedies as to Defendant Stephen Kenneth  
11 Grossman is GRANTED.

12 **II.**

13 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED  
14 that Defendant is permanently restrained and enjoined from violating, directly or  
15 indirectly, Section 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)] by using  
16 any means or instrumentality of interstate commerce, or of the mails, or of any  
17 facility of any national securities exchange, to effect transactions in, or induce or  
18 attempt to induce the purchase or sale of, securities while not registered with the  
19 Commission as a broker or dealer or while not associated with an entity registered  
20 with the Commission as a broker or dealer.

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

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1 **III.**

2 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED  
3 that Defendant is permanently restrained and enjoined from, directly or indirectly,  
4 including, but not limited to, through any entity owned or controlled by Defendant,  
5 soliciting any person or entity to purchase or sell any security.

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

12 **IV.**

13 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED  
14 that Defendant is ordered to pay disgorgement of \$289,078.74, representing net  
15 profits gained and net losses avoided as a result of the conduct alleged in the  
16 Complaint, together with prejudgment interest thereon in the amount of  
17 \$49,515.71. The Court further imposes a civil penalty in the amount of \$195,047  
18 pursuant to Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3).  
19 Defendant shall satisfy these obligations by paying the amount of disgorgement,  
20 pre-judgment interest, and civil penalty, totaling \$533,641.45, to the Securities and  
21 Exchange Commission within 30 days after entry of this Final Judgment.

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

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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; Stephen Kenneth Grossman as a defendant in this action; and specifying that payment is made pursuant to this Final Judgment.

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

The Commission shall hold the funds (collectively, the "Fund") until further order of this Court. The SEC may propose a plan to distribute the Fund subject to the Court's approval, and the Court shall retain jurisdiction over the administration of any distribution of the Fund.

The Commission may enforce the Court's judgment for disgorgement and prejudgment interest by using all collection procedures authorized by law, including, but not limited to, moving for civil contempt at any time after 30 days following entry of this Final Judgment.

The Commission may enforce the Court's judgment for penalties by the use of all collection procedures authorized by law, including the Federal Debt Collection Procedures Act, 28 U.S.C. § 3001 *et seq.*, and moving for civil contempt for the violation of any Court orders issued in this action. Defendant shall pay post judgment interest on any amounts due after 30 days of the entry of this Final Judgment pursuant to 28 U.S.C. § 1961. The Commission shall hold the funds, together with any interest and income earned thereon (collectively, the "Fund"), pending further order of the Court.

1 The Commission may propose a plan to distribute the Fund subject to the  
2 Court's approval. Such a plan may provide that the Fund shall be distributed  
3 pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act  
4 of 2002. The Court shall retain jurisdiction over the administration of any  
5 distribution of the Fund and the Fund may only be disbursed pursuant to an Order  
6 of the Court.

7 Regardless of whether any such Fair Fund distribution is made, amounts  
8 ordered to be paid as civil penalties pursuant to this Judgment shall be treated as  
9 penalties paid to the government for all purposes, including all tax purposes. To  
10 preserve the deterrent effect of the civil penalty, Defendant shall not, after offset or  
11 reduction of any award of compensatory damages in any Related Investor Action  
12 based on Defendant's payment of disgorgement in this action, argue that he is  
13 entitled to, nor shall he further benefit by, offset or reduction of such compensatory  
14 damages award by the amount of any part of Defendant's payment of a civil  
15 penalty in this action ("Penalty Offset"). If the court in any Related Investor  
16 Action grants such a Penalty Offset, Defendant shall, within 30 days after entry of  
17 a final order granting the Penalty Offset, notify the Commission's counsel in this  
18 action and pay the amount of the Penalty Offset to the United States Treasury or to  
19 a Fair Fund, as the Commission directs. Such a payment shall not be deemed an  
20 additional civil penalty and shall not be deemed to change the amount of the civil  
21 penalty imposed in this Judgment. For purposes of this paragraph, a "Related  
22 Investor Action" means a private damages action brought against Defendant by or  
23 on behalf of one or more investors based on substantially the same facts as alleged  
24 in the Complaint in this action.

25 **V.**

26 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED  
27 that, solely for purposes of exceptions to discharge set forth in Section 523 of the  
28 Bankruptcy Code, 11 U.S.C. §523, the allegations in the complaint are true and

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

8 **VI.**

9 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED  
10 that this Court shall retain jurisdiction of this matter for the purposes of enforcing  
11 the terms of this Final Judgment.

12 **VII.**

13 There being no just reason for delay, pursuant to Rule 54(b) of the Federal  
14 Rules of Civil Procedure, the Clerk is ordered to enter this Final Judgment  
15 forthwith and without further notice.

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17 Dated: October 7, 2021



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19 MARK C. SCARSI  
20 UNITED STATES DISTRICT JUDGE  
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