

1 **UNITED STATES DISTRICT COURT**
2 **CENTRAL DISTRICT OF CALIFORNIA**

3 SECURITIES AND EXCHANGE
4 COMMISSION,

5 Plaintiff,

6 v.

7 BROOK CHURCH-KOEGEL, et al.

8 Defendants.

Case No.: 2:20-cv-08480 FMO (JCx)

9
10 **FINAL JUDGMENT AS TO DEFENDANT DAVID H. GOLDMAN**

11 Plaintiff Securities and Exchange Commission (“Plaintiff” or “Commission”)
12 commenced this action by filing its Complaint against, among others, Defendant David
13 H. Goldman (“Defendant” or “Goldman”). This Court previously entered Judgment, by
14 consent, against Defendant which entered injunctive and other relief, but left unresolved
15 the issues of disgorgement, prejudgment interest, and civil penalty (DE 180)
16 (“Judgment”). The Court finds that good cause exists to award the Commission
17 disgorgement, prejudgment interest, and a civil penalty in the amounts set forth in
18 Paragraph II below. The Court enters Paragraphs I, III, IV, and V of this Final Judgment
19 based on the Consent signed by Goldman (DE 174-4) in which Goldman, without
20 admitting or denying the allegations of the complaint (except as to jurisdiction and except
21 as otherwise provided herein in Paragraph III), agreed to, among others, the matters set
22 forth in these paragraphs.

23 **I.**

24 **PERMANENT INJUNCTIVE RELIEF**

25 **A.**

26 **Sections 5(a) and 5(c) of the Securities Act of 1933**

27 **IT IS HEREBY ORDERED, ADJUDGED, AND DECREED** that Defendant is
28 permanently restrained and enjoined from violating Section 5 of the Securities Act of 1933

1 (the “Securities Act”) [15 U.S.C. § 77e] by, directly or indirectly, in the absence of any
2 applicable exemption:

- 3 (a) Unless a registration statement is in effect as to a security, making use of any
4 means or instruments of transportation or communication in interstate
5 commerce or of the mails to sell such security through the use or medium of
6 any prospectus or otherwise;
- 7 (b) Unless a registration statement is in effect as to a security, carrying or causing
8 to be carried through the mails or in interstate commerce, by any means or
9 instruments of transportation, any such security for the purpose of sale or for
10 delivery after sale; or
- 11 (c) Making use of any means or instruments of transportation or communication
12 in interstate commerce or of the mails to offer to sell or offer to buy through
13 the use or medium of any prospectus or otherwise any security, unless a
14 registration statement has been filed with the Commission as to such security,
15 or while the registration statement is the subject of a refusal order or stop order
16 or (prior to the effective date of the registration statement) any public
17 proceeding or examination under Section 8 of the Securities Act [15 U.S.C. §
18 77h].

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

25 **B.**

26 **Section 15(a)(1) of the Securities Exchange Act of 1934**

27 **IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Defendant is
28 permanently restrained and enjoined from violating, directly or indirectly, Section 15(a)(1)

1 of the Securities Exchange Act of 1934 (the “Exchange Act”) [15 U.S.C. § 78o(a)(1)] by
2 making use of any means or instrumentality of interstate commerce or of the mails and
3 engaging in the business of effecting transactions in securities for the accounts of others,
4 or inducing or effecting the purchase and sale of securities, while not registered with the
5 Commission in accordance with the provisions of Section 15(b) of the Exchange Act, or
6 while not associated with a broker or dealer that was so registered.

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

13 **II.**

14 **DISGORGEMENT, PREJUDGMENT INTEREST, AND CIVIL PENALTY**

15 **IT IS ORDERED, ADJUDGED, AND DECREED** that Goldman is liable for
16 disgorgement of \$659,353.91 representing net profits gained as a result of the conduct
17 alleged in the complaint, together with prejudgment interest thereon in the amount of
18 \$213,191.04, and a civil penalty of \$150,000 pursuant to Section 20(d) of the Securities
19 Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C.
20 § 78u(d)(3)]. Defendant shall satisfy this obligation by paying \$1,022,544.95 to the
21 Securities and Exchange Commission within 30 days after entry of this Final Judgment.

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

28 Enterprise Services Center

1 Accounts Receivable Branch
2 6500 South MacArthur Boulevard
3 Oklahoma City, OK 73169

4 and shall be accompanied by a letter identifying the case title, civil action number, and
5 name of this Court; Goldman as a defendant in this action; and specifying that payment is
6 made pursuant to this Final Judgment.

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

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

15 The Commission may enforce the Court's judgment for penalties by the use of all
16 collection procedures authorized by law, including the Federal Debt Collection
17 Procedures Act, 28 U.S.C. § 3001 et seq., and moving for civil contempt for the violation
18 of any Court orders issued in this action. Defendant shall pay post judgment interest on
19 any amounts due after 30 days of entry of this Final Judgment pursuant to 28 U.S.C. §
20 1961. The Commission shall hold the funds, together with any interest earned thereon
21 (collectively, the "Fund") pending further order of the Court.

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

27 Regardless of whether any such Fair Fund distribution is made, amounts ordered to
28 be paid as civil penalties pursuant to this Final Judgment shall be treated as penalties paid
to the government for all purposes, including all tax purposes. To preserve the deterrent

1 effect of the civil penalty, Defendant shall not, after offset or reduction of any award of
2 compensatory damages in any Related Investor Action based on Defendant's payment of
3 disgorgement in this action, argue that he is entitled to, nor shall he further benefit by,
4 offset or reduction of such compensatory damages award by the amount of any part of
5 Defendant's payment of a civil penalty in this action ("Penalty Offset"). If the court in
6 any Related Investor Action grants such a Penalty Offset, Defendant shall, within 30 days
7 after entry of a final order granting the Penalty Offset, notify the Commission's counsel
8 in this action and pay the amount of the Penalty Offset to the United States Treasury or to
9 a Fair Fund, as the Commission directs. Such a payment shall not be deemed an
10 additional civil penalty and shall not be deemed to change the amount of the civil penalty
11 imposed in this Final Judgment. For purposes of this paragraph, a "Related Investor
12 Action" means a private damages action brought against Defendant by or on behalf of
13 one or more investors based on substantially the same facts as alleged in the Complaint in
14 this action.

15 III.

16 **BANKRUPTCY NONDISCHARGEABILITY**

17 **IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that, solely for
18 purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11
19 U.S.C. §523, the allegations in the complaint are true and admitted by Defendant, and
20 further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts
21 due by Defendant under this Final Judgment or any other judgment, order, consent order,
22 decree or settlement agreement entered in connection with this proceeding, is a debt for
23 the violation by Defendant of the federal securities laws or any regulation or order issued
24 under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C.
25 §523(a)(19).
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1 IV.

2 **INCORPORATION OF CONSENT**

3 **IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that the Consent
4 (DE 174-4) is incorporated herein with the same force and effect as if fully set forth
5 herein, and that Defendant shall comply with all of the undertakings and agreements set
6 forth therein.

7 V.

8 **RETENTION OF JURISDICTION**

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

12 Dated: June 27, 2024

13 /s/ Fernando M. Olguin

14 UNITED STATES DISTRICT JUDGE
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