

**UNITED STATES DISTRICT COURT  
MIDDLE DISTRICT OF TENNESSEE  
NASHVILLE DIVISION**

<b>U.S. SECURITIES AND CHANGE</b>	)	
<b>COMMISSION,</b>	)	
	)	
<b>Plaintiff,</b>	)	
	)	<b>NO. 3:22-cv-00055</b>
<b>v.</b>	)	
	)	
<b>DAVID J.C. BOLTON,</b>	)	
	)	
<b>Defendant.</b>	)	

**DEFAULT JUDGMENT AND PERMANET INJUNCTION**

After David J. C. Bolton failed to participate in discovery and failed to follow the orders of the Court, Magistrate Judge Barbara Holmes entered default. (Doc. No. 59). The Securities and Exchange Commission now moves for default judgment. (Doc. No. 62) The motion is **GRANTED.**

The well-pled allegations in the Complaint establish that Bolton raised almost \$800,000.00 from investors “to launch exchange-traded funds.” (“ETFs”). He offered investors the opportunity to pool their money to make investments in ETFs and to share in the investment pool. But Bolton defrauded the investors and misappropriated \$322,565.00 for his own use. He did so by paying himself an excessive salary and otherwise directing investment funds to himself or others for his benefit. Complaint Paragraphs 45-59 (Doc. No. 1). He did so without any disclosure to his investors.

The Complaint states plausible violations of Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a); Section 10(b) of the Exchange Act, 15 U.S.C. § 78g(b); and Rule 10 b-5, 17 C.F.R. § 240.10b-5. Accepting the allegations as true, Bolton made material misrepresentations and


omissions to investors on his personal compensation and other transactions that benefited him that consumed all of the investors' money. That he did so for his personal gain, reflects that his misrepresentations and omissions were knowing and deliberate. Bolton's conduct justifies default. The Court discerns no meritorious defense on the face of the Complaint. The Court agrees with the Magistrate Judge's findings of prejudice to the SEC. (Doc. No. 59 at 6-7). Based upon the allegations, the Court concludes that the SEC has established liability against Bolton due to his violations of the cited federal statutes and rule.

The SEC seeks injunctive relief and a monetary judgment. A permanent injunction is justified, SEC v. Youmans, 729 F.2d 413, 415 (6th Cir. 1984) disgorgement and prejudgment interest are also appropriate. Based upon the allegations in the Complaint Bolton should be permanently enjoined from any future violations of the securities laws. The amount sought for disgorgement and prejudgment interest is reasonable. Affidavit of Donato Furlano (Doc. No. 63-1). The Court cannot award a civil penalty based solely on the Complaint.

Accordingly, the Court rules as follows:

1. Judgment enters for the Securities and Exchange Commission against David J. C. Bolton.
2. David J.C. Bolton is permanently enjoined from any future violations of Section 17(a) of the Securities Act; Section 10(b) of the Exchange Act and Rule 10b-5.
3. David J. C. Bolton shall pay disgorgement in the amount of \$322,565.00.
4. David J. C. Bolton shall pay prejudgment interest in the amount of \$56,875.00.

IT IS SO ORDERED.

  
\_\_\_\_\_  
WAVERLY D. CRENSHAW, JR.  
CHIEF UNITED STATES DISTRICT JUDGE