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

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

ULRICH KRANZ et al.,

Defendants.

Case No. 2:23-cv-06332-ODW (JCx)

FINAL JUDGMENT

1 necessary to make the statement therein not misleading or necessary to correct any
2 statement in any earlier communication with respect to the solicitation of a proxy for the
3 same meeting or subject matter, which has become false or misleading.

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

9 **III.**

10 **IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED** that
11 Kranz is permanently restrained and enjoined from aiding and abetting any violation of
12 Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] by knowingly or recklessly
13 providing substantial assistance to an issuer in the filing of materially false and
14 misleading periodic reports, including annual, quarterly, and current reports on Forms 10-
15 K, 10-Q, and 8-K, in violation of Section 13(a) of the Exchange Act and Rules 12b-20,
16 13a-1, and 13a-11 [15 U.S.C. § 78m(a) and 17 C.F.R. §§ 240.12b-20, 240.13a-1, and
17 240.13a-11].

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

23 **IV.**

24 **IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED** that,
25 pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)] and
26 Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)], Kranz is prohibited, for three
27 years following the date of entry of this Final Judgment, from acting as an officer or
28 director of any issuer that has a class of securities registered pursuant to Section 12 of the

1 Exchange Act [15 U.S.C. § 781] or that is required to file reports pursuant to Section 15(d)
2 of the Exchange Act [15 U.S.C. § 78o(d)].

3 V.

4 **IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED** that
5 Kranz is liable for a civil penalty in the amount of \$125,000 pursuant to Section 21(d)(3)
6 of the Exchange Act [15 U.S.C. § 78u(d)(3)] and Section 20(d) of the Securities Act
7 [15 U.S.C. § 77t(d)]. Kranz shall satisfy this obligation by paying \$125,000 to the
8 Securities and Exchange Commission within 30 days after entry of this Final Judgment.

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

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

19 and shall be accompanied by a letter identifying the case title, civil action number, and
20 name of this Court; Ulrich Kranz as a defendant in this action; and specifying that
21 payment is made pursuant to this Final Judgment.

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

26 The Commission may enforce the Court's judgment for penalties by the use of all
27 collection procedures authorized by law, including the Federal Debt Collection
28 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. Kranz shall pay post judgment interest on any

1 amounts due after 30 days of the entry of this Final Judgment pursuant to 28 U.S.C.
2 § 1961. The Commission shall hold the funds, together with any interest and income
3 earned thereon (collectively, the “Kranz Fund”), pending further order of the Court.

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

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

25 **VI.**

26 **IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED** that,
27 solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy
28 Code, 11 U.S.C. §523, the allegations in the complaint are true and admitted by Kranz,
and further, any debt for disgorgement, prejudgment interest, civil penalty or other

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

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7 **B. FINAL JUDGMENT AS TO DEFENDANT PAUL BALCIUNAS**

8 The Securities and Exchange Commission having filed a Complaint and Defendant
9 Paul Balciunas having entered a general appearance; consented to the Court's jurisdiction
10 over Balciunas and the subject matter of this action; consented to entry of this Final
11 Judgment without admitting or denying the allegations of the Complaint (except as to
12 jurisdiction and except as otherwise provided herein in paragraph VI); waived findings
13 of fact and conclusions of law; and waived any right to appeal from this Final Judgment:

14 **I.**

15 **IT IS HEREBY ORDERED, ADJUDGED, AND DECREED** that Balciunas is
16 permanently restrained and enjoined from violating Section 14(a) of the Exchange Act
17 [15 U.S.C. §78n(a)] and Rule 14a-3 promulgated thereunder [17 C.F.R. §§ 240.14a-3] by
18 soliciting proxies without furnishing each person solicited a proxy statement containing
19 the information specified by the proxy rules.

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

26 **II.**

27 **IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED** that
28 Balciunas is permanently restrained and enjoined from aiding and abetting any violation
of Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] by knowingly or recklessly

1 providing substantial assistance to an issuer in the filing of materially false and
2 misleading periodic reports, including annual, quarterly, and current reports on Forms 10-
3 K, 10-Q, and 8-K, in violation of Section 13(a) of the Exchange Act and Rule 13a-11
4 [15 U.S.C. § 78m(a) and 17 C.F.R. § 240.13a-11].

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

11 **III.**

12 **IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that, pursuant
13 to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)], Balciunas is prohibited,
14 for two years following the date of entry of this Final Judgment, from acting as an officer
15 or director of any issuer that has a class of securities registered pursuant to Section 12 of
16 the Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to
17 Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

18 **IV.**

19 **IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED** that
20 Balciunas is liable for disgorgement of \$7,500, representing net profits gained as a result
21 of the conduct alleged in the Complaint, together with prejudgment interest thereon in
22 the amount of \$769, and a civil penalty in the amount of \$50,000 pursuant to
23 Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)]. Balciunas shall satisfy
24 this obligation by paying \$58,269 to the Securities and Exchange Commission pursuant
25 to the terms of the payment schedule set forth in paragraph V below after entry of this
26 Final Judgment.

27 Balciunas may transmit payment electronically to the Commission, which will
28 provide detailed ACH transfer/Fedwire instructions upon request. Payment may also be
made directly from a bank account via Pay.gov through the SEC website at

1 <http://www.sec.gov/about/offices/ofm.htm>. Balciunas may also pay by certified check,
2 bank cashier's check, or United States postal money order payable to the Securities and
3 Exchange Commission, which shall be delivered or mailed to:

4 Enterprise Services Center
5 Accounts Receivable Branch
6 6500 South MacArthur Boulevard
7 Oklahoma City, OK 73169

8 and shall be accompanied by a letter identifying the case title, civil action number, and
9 name of this Court; Paul Balciunas as a defendant in this action; and specifying that
10 payment is made pursuant to this Final Judgment.

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

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

19 The Commission may enforce the Court's judgment for penalties by the use of all
20 collection procedures authorized by law, including the Federal Debt Collection
21 Procedures Act, 28 U.S.C. § 3001 et seq., and moving for civil contempt for the violation
22 of any Court orders issued in this action. Balciunas shall pay post judgment interest on
23 any amounts due after 30 days of the entry of this Final Judgment pursuant to 28 U.S.C.
24 § 1961. The Commission shall hold the funds, together with any interest and income
25 earned thereon (collectively, the "Balciunas Fund"), pending further order of the Court.

26 The Commission may propose a plan to distribute the Balciunas Fund subject to
27 the Court's approval. Such a plan may provide that the Balciunas Fund shall be
28 distributed pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley
Act of 2002. The Court shall retain jurisdiction over the administration of any

1 If Balciunas fails to make any payment by the date agreed and/or in the amount
2 agreed according to the schedule set forth above, all outstanding payments under this
3 Final Judgment, including post-judgment interest, minus any payments made, shall
4 become due and payable immediately at the discretion of the staff of the Commission
5 without further application to the Court.

6 **VI.**

7 **IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED** that,
8 solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy
9 Code, 11 U.S.C. §523, the allegations in the complaint are true and admitted by
10 Balciunas, and further, any debt for disgorgement, prejudgment interest, civil penalty or
11 other amounts due by Balciunas under this Final Judgment or any other judgment, order,
12 consent order, decree or settlement agreement entered in connection with this proceeding,
13 is a debt for the violation by Balciunas of the federal securities laws or any regulation or
14 order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code,
15 11 U.S.C. §523(a)(19).

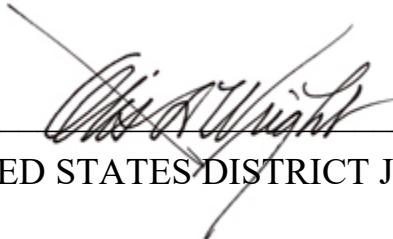
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17 **C. RETENTION OF JURISDICTION**

18 The Court shall retain jurisdiction of this matter for the purposes of enforcing the
19 terms of this Final Judgment.

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21 **IT IS SO ORDERED.**

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23 Dated: August 17, 2023

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25 _____
26 UNITED STATES DISTRICT JUDGE
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