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

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

DANIEL ADAMS, MICHAEL A.
FLANDERS, SPIDERWORX MEDIA
LLC, and AN L.A. MINUTE LLC,

Defendants.

Case No. 2:19-cv-01412-FMO-RAO

~~[PROPOSED]~~ FINAL JUDGMENT AS
TO DEFENDANT DANIEL ADAMS

1 The Securities and Exchange Commission (the “Commission”) having filed a
2 Complaint and Defendant Daniel Adams (“Defendant”) having entered a general
3 appearance; consented to the Court’s jurisdiction over Defendant and the subject
4 matter of this action; consented to entry of this Final Judgment without admitting or
5 denying the allegations of the Complaint (except as to jurisdiction and except as
6 otherwise provided herein in paragraph VII); waived findings of fact and conclusions
7 of law; and waived any right to appeal from this Final Judgment:

8 I.

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

- 16 (a) to employ any device, scheme, or artifice to defraud;
17 (b) to make any untrue statement of a material fact or to omit to state a
18 material fact necessary in order to make the statements made, in the light
19 of the circumstances under which they were made, not misleading; or
20 (c) to engage in any act, practice, or course of business which operates or
21 would operate as a fraud or deceit upon any person.

22 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
23 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
24 binds the following who receive actual notice of this Final Judgment by personal
25 service or otherwise: (a) Defendant’s officers, agents, servants, employees, and
26 attorneys; and (b) other persons in active concert or participation with Defendant or
27 with anyone described in (a).
28

1 II.

2 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
3 Defendant is permanently restrained and enjoined from violating Section 17(a) of the
4 Securities Act of 1933 (the “Securities Act”) [15 U.S.C. § 77q(a)] in the offer or sale
5 of any security by the use of any means or instruments of transportation or
6 communication in interstate commerce or by use of the mails, directly or indirectly:

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

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

20 III.

21 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
22 Defendant is permanently enjoined from directly or indirectly, including, but not
23 limited to, through any entity owned or controlled by him, participating in the
24 issuance, purchase, offer, or sale of any security in an unregistered offering by an
25 issuer.

26 IV.

27 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
28 Defendant is liable for disgorgement of \$50,562, representing profits gained as a

1 result of the conduct alleged in the Complaint, together with prejudgment interest
2 thereon in the amount of \$7,087.99, and a civil penalty in the amount of \$50,562
3 pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)], and Section
4 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)]. Defendant shall satisfy this
5 obligation by paying \$108,211.99 to the Securities and Exchange Commission
6 pursuant to the terms of the payment schedule set forth in paragraph V below after
7 entry of this Final Judgment.

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

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

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

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

24 The Commission may enforce the Court's judgment for disgorgement and
25 prejudgment interest by moving for civil contempt (and/or through other collection
26 procedures authorized by law) at any time after 14 days following entry of this Final
27 Judgment. Defendant shall pay-post judgment interest on any delinquent amounts
28 pursuant to 28 U.S.C. § 1961. The Commission shall hold the funds, together with

1 any interest and income earned thereon (collectively, the “Fund”), pending further
2 order of the Court.

3 The Commission may propose a plan to distribute the Fund subject to the
4 Court’s approval. Such a plan may provide that the Fund shall be distributed
5 pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of
6 2002. The Court shall retain jurisdiction over the administration of any distribution
7 of the Fund. If the Commission staff determines that the Fund will not be distributed,
8 the Commission shall send the funds paid pursuant to this Final Judgment to the
9 United States Treasury.

10 Regardless of whether any such Fair Fund distribution is made, amounts
11 ordered to be paid as civil penalties pursuant to this Judgment shall be treated as
12 penalties paid to the government for all purposes, including all tax purposes. To
13 preserve the deterrent effect of the civil penalty, Defendant shall not, after offset or
14 reduction of any award of compensatory damages in any Related Investor Action
15 based on Defendant’s payment of disgorgement in this action, argue that he is entitled
16 to, nor shall he further benefit by, offset or reduction of such compensatory damages
17 award by the amount of any part of Defendant’s payment of a civil penalty in this
18 action (“Penalty Offset”). If the court in any Related Investor Action grants such a
19 Penalty Offset, Defendant shall, within 30 days after entry of a final order granting
20 the Penalty Offset, notify the Commission’s counsel in this action and pay the amount
21 of the Penalty Offset to the United States Treasury or to a Fair Fund, as the
22 Commission directs. Such a payment shall not be deemed an additional civil penalty
23 and shall not be deemed to change the amount of the civil penalty imposed in this
24 Judgment. For purposes of this paragraph, a “Related Investor Action” means a
25 private damages action brought against Defendant by or on behalf of one or more
26 investors based on substantially the same facts as alleged in the Complaint in this
27 action.
28

V.

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2 Daniel Adams shall pay the total of disgorgement, prejudgment interest, and
3 civil penalty due of \$108,211.99 in four (4) of installments to the Commission
4 according to the following schedule: (1) \$27,053 within 90 days of entry of this Final
5 Judgment; (2) \$27,053 within 180 days of entry of this Final Judgment; (3) \$27,053
6 within 270 days of entry of this Final Judgment; and (3) \$27,053 within 360 days of
7 entry of this Final Judgment. Payments shall be deemed made on the date they are
8 received by the Commission and shall be applied first to post-judgment interest,
9 which accrues pursuant to 28 U.S.C. § 1961 on any unpaid amounts due after 14 days
10 of the entry of this Final Judgment. Prior to making the final payment set forth
11 herein, Daniel Adams shall contact the staff of the Commission for the amount due
12 for the final payment.

13 If Daniel Adams fails to make any payment by the date agreed and/or in the
14 amount agreed according to the schedule set forth above, all outstanding payments
15 under this Final Judgment, including post-judgment interest, minus any payments
16 made, shall become due and payable immediately at the discretion of the staff of the
17 Commission without further application to the Court.

18 VI.

19 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the
20 Consent is incorporated herein with the same force and effect as if fully set forth
21 herein, and that Defendant shall comply with all of the undertakings and agreements
22 set forth therein.

23 VII.

24 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, solely for
25 purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code,
26 11 U.S.C. §523, the allegations in the complaint are true and admitted by Defendant,
27 and further, any debt for disgorgement, prejudgment interest, civil penalty or other
28 amounts due by Defendant under this Final Judgment or any other judgment, order,

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

5 VIII.

6 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court
7 shall retain jurisdiction of this matter for the purposes of enforcing the terms of this
8 Final Judgment.

9 IX.

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

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14 Dated: December 2, 2019

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16 /s/ Fernando M. Olguin
17 UNITED STATES DISTRICT JUDGE
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