

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

U.S. SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

NIEL MARTIN NIELSON,

Defendant.

No. 18-cv-1217 (EGS/GMH)

ORDER

Plaintiff, the Securities and Exchange Commission ("SEC"), brings this action against Defendant, Niel Martin Nielson ("Nielson"), alleging violations of both the Securities Act of 1933 (the "Securities Act"), 15 U.S.C. § 77a *et seq.*, and the Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. § 78a *et seq.* See Compl., ECF No. 1 at 3.¹ The SEC alleges that Mr. Nielson "orchestrated a microcap fraud at E-Waste Systems, Inc. ("EWSI") . . . [by issuing] frequent false and misleading statements in press releases and public filings to create the false impression that EWSI was expanding quickly across the world and . . . earning millions of dollars in revenues each quarter." *Id.* at 1. Through this action, the SEC is "seeking injunctive relief to prevent [Mr.] Nielson from committing

¹ When citing electronic filings throughout this Order, the Court cites to the ECF page number, not the page number of the filed document.

future violations of the federal securities laws, disgorgement of [his] ill-gotten gains with prejudgment interest, civil penalties, an officer and director bar, a penny stock bar, and any other appropriate relief." *Id.* at 3.

Stemming from Mr. Nielson's failure to respond to this action, the SEC filed a Motion for Entry of Default on September 11, 2018, see Pl.'s Mot. for Entry of Default, ECF No. 6, which the Clerk's Office entered on September 12, 2018. See Clerk's Entry of Default, ECF No. 7.

On February 25, 2019, the SEC filed the pending Motion for Entry of Final Judgment by Default ("Pl.'s Mot."). See Pl.'s Mot., ECF No. 9. The Court referred this case to a randomly assigned magistrate judge for a Report and Recommendation ("R. & R.") on the SEC's pending motion. See Min. of Order of Apr. 10, 2019. Magistrate Judge G. Michael Harvey issued an R. & R. on the SEC's motion on February 13, 2020. See R. & R., ECF No. 10. The Court has carefully reviewed the R. & R. and, having received no objections to the R. & R. pursuant to Local Civil Rule 72.3(b), accepts the findings and adopts the recommendations of Magistrate Judge Harvey contained in the R. & R.

Accordingly, it is hereby

ORDERED that Plaintiff's Motion for Entry of Final Judgment by Default, ECF No. 9, is **GRANTED**; and it is further

ORDERED that Defendant is permanently enjoined from committing future violations of the federal securities laws and regulations identified in the R. & R., and that Defendant is enjoined for a period of ten years, starting on the date of this Court's order, from (1) serving as an officer or director of a public company, (2) participating in a penny-stock offering, and (3) directly or indirectly accepting compensation for consulting or advising any penny-stock issuer; and it is further

ORDERED that Plaintiff is awarded \$170,630 in disgorgement, plus prejudgment interest on that amount—where prejudgment interest shall be calculated by this Court or the SEC using the rate set forth in 26 U.S.C. § 6621(a)(2), with accrual beginning on June 27, 2014, and ending on the date of this Court's order—and imposing civil monetary penalties in the amount of \$170,630.

SO ORDERED.

Signed: Emmet G. Sullivan
United States District Judge
July 30, 2020