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JS-6

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

STEVEN FITZGERALD BROWN,

Defendants.

Case No. 2:20-cv-08058-PSG-PD

~~[PROPOSED]~~ FINAL JUDGMENT AS
TO DEFENDANT STEVEN
FITZGERALD BROWN

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1 The Securities and Exchange Commission having filed a Complaint and
2 Defendant Steven Fitzgerald Brown (“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; waived findings of
5 fact and conclusions of law; and waived any right to appeal from this Final Judgment:

6 **I.**

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

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

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
22 binds the following who receive actual notice of this Final Judgment by personal
23 service or otherwise: (a) Defendant’s officers, agents, servants, employees, and
24 attorneys; and (b) other persons in active concert or participation with Defendant or
25 with anyone described in (a).

26 **II.**

27 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
28 Defendant is permanently restrained and enjoined from violating Section 17(a) of the

1 Securities Act of 1933 (the “Securities Act”) [15 U.S.C. § 77q(a)] in the offer or sale
2 of any security by the use of any means or instruments of transportation or
3 communication in interstate commerce or by use of the mails, directly or indirectly:

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

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

17 **III.**

18 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant is
19 permanently restrained and enjoined from

- 20 A. employing any device, scheme or artifice to defraud any client or
21 prospective client; and
- 22 B. engaging in any transaction, practice, or course of business which
23 operates or would operate as a fraud or deceit upon any client or
24 prospective client;

25 in violation of Sections 206(1), 206(2), and 206(4) of the Investment Advisers Act of
26 1940 (“Advisers Act”), 15 U.S.C. §§ 80b-6(1) & 80b-6(2) & 80b-6(4).

27 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as
28 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also

1 binds the following who receive actual notice of this Order by personal service or
2 otherwise: (a) Defendant's officers, agents, servants, employees, and attorneys; and
3 (b) other persons in active concert or participation with any of the Defendant or with
4 anyone described in (a).

5 **IV.**

6 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant is
7 permanently restrained and enjoined from directly or indirectly, by the use of the
8 mails or any means or instrumentality of interstate commerce, while acting as an
9 investment adviser to a pooled investment vehicle:

- 10 A. making any untrue statement of a material fact or omitting to state a
11 material fact necessary to make the statements made, in the light of the
12 circumstances under which they were made, not misleading, to any
13 investor or prospective investor in the pooled investment vehicle;
14 B. engaging in any act, practice, or course of business that is fraudulent,
15 deceptive, or manipulative with respect to any investor or prospective
16 investor in the pooled investment vehicle;

17 in violation of Section 206(4) of the Advisers Act, 15 U.S.C. §§ 80b-6(4), and
18 Rule 206(4)-8 thereunder, 17 CFR § 275.206(4)-8.

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

25 **V.**

26 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant is
27 liable for disgorgement of \$2,613,346, representing profits gained as a result of the
28 conduct alleged in the Complaint, together with prejudgment interest thereon in the

1 amount of \$65,833, which shall be deemed satisfied by the Order of Restitution
2 entered in *USA v. Steven F. Brown*, case no. 2:20-cr-00381-PSG-1 (C.D. Cal., filed
3 August 28, 2020).

4 Defendant shall satisfy this obligation by paying \$2,679,179 to the Securities
5 and Exchange Commission within 30 days after entry of this Final Judgment.

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

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

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

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

23 The Commission may enforce the Court's judgment for disgorgement and
24 prejudgment interest by moving for civil contempt (and/or through other collection
25 procedures authorized by law) at any time after 30 days following entry of this Final
26 Judgment. Defendant shall pay post judgment interest on any delinquent amounts
27 pursuant to [28 U.S.C. § 1961](#). The Commission shall hold the funds, together with
28 any interest and income earned thereon (collectively, the "Fund"), pending further
order of the Court.

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

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

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VI.

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

VII.

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

VIII.

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

IX.

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

Dated: August 23, 2021



HONORABLE PHILIP S. GUTIERREZ
UNITED STATES DISTRICT JUDGE