

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

**FILED
CLERK**

2:49 pm, May 12, 2023

**U.S. DISTRICT COURT
EASTERN DISTRICT OF NEW YORK
LONG ISLAND OFFICE**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

BRIAN RAYMOND CALLAHAN,
ADAM MANSON, DISTINCTIVE
INVESTMENTS LLC, and DISTINCTIVE
VENTURES LLC;

Defendants,

SHERI MANSON CALLAHAN,

Relief Defendant.

Case No. 12-CV-1065 (JMA/AYS)

**FINAL JUDGMENT AS TO DEFENDANTS BRIAN RAYMOND CALLAHAN, ADAM
MANSON, DISTINCTIVE INVESTMENTS LLC, AND DISTINCTIVE VENTURES LLC**

The Securities and Exchange Commission having filed a Complaint and Defendants Brian Raymond Callahan (“Callahan”), Adam Manson (“Manson”), Distinctive Investments LLC (“Distinctive Investments”), and Distinctive Ventures LLC (“Distinctive Ventures”) having entered a general appearance; consented to the Court’s jurisdiction over Defendants and the subject matter of this action; consented to entry of this Final Judgment; waived findings of fact and conclusions of law; and waived any right to appeal from this Final Judgment:

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant Callahan is permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of the

Securities Exchange Act of 1934 (the “Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], by using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security:

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

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

II.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendants Manson, Distinctive Investments and Distinctive Ventures are permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rules 10b-5(a) and (c) promulgated thereunder [17 C.F.R. § 240.10b-5(a) and (c)], by using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security:

- (a) to employ any device, scheme, or artifice to defraud; or

- (b) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

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

III.

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

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

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

receive actual notice of this Final Judgment by personal service or otherwise: (a) Defendant Callahan's officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendant Callahan or with anyone described in (a).

IV.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants Manson, Distinctive Investments and Distinctive Ventures are permanently restrained and enjoined from violating Sections 17(a)(1) and (3) of the Securities Act [15 U.S.C. § 77q(a)(1) and (3)] in the offer or sale of any security by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

- (a) to employ any device, scheme, or artifice to defraud; or
- (b) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

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

V.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendants Callahan, Manson, Distinctive Investments and Distinctive Ventures are permanently restrained and enjoined from violating, Sections 206(1) and 206(2) of the Investment Advisers Act of 1940 (the

“Advisers Act”) [15 U.S.C. § 80b-6(1) and (2)] while acting as an investment adviser, by use of the mails or any means or instrumentality of interstate commerce, directly or indirectly:

- (a) to employ any devices, scheme, or artifice to defraud any client or prospective client; or
- (b) to engage in any transaction, practice, or course of business which operates as a fraud or deceit upon any client or prospective client.

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

VI.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Callahan is permanently restrained and enjoined from violating Section 206(4) of the Advisers Act [15 U.S.C. § 80b-6(4)] and Rule 206(4)-8 promulgated thereunder [17 C.F.R. 275.206(4)-8] while acting as an investment adviser to a pooled investment vehicle, by use of the mails or any means or instrumentality of interstate commerce, directly or indirectly to:

- (a) Make any untrue statement of a material fact or to omit to state a material fact necessary to make the statements made, in the light of the circumstances under which they were made, not misleading, to any investor or prospective investor in the pooled investment vehicle; or

- (b) Otherwise engage in any act, practice or course of business that is fraudulent, deceptive, or manipulative with respect to any investor or prospective investor in the pooled investment vehicle.

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

VII.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Callahan is liable for disgorgement of \$38,956,065, representing profits gained as a result of the conduct alleged in the Complaint, of which \$38,000,000 is joint and several with Defendants Manson, Distinctive Investments, and Distinctive Ventures, plus prejudgment interest of \$2,600,489, for a total of \$41,556,554. Defendant Callahan's \$41,556,554 payment obligation shall be deemed satisfied by a criminal restitution order of \$67,615,407 against Defendant Callahan in *United States v. Brian R. Callahan and Adam Manson*, Crim. No. 13-453-GRB (E.D.N.Y).

VIII.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants Manson, Distinctive Investments and Distinctive Ventures are jointly and severally liable with Defendant Callahan for disgorgement of \$38,000,000, representing profits gained as a result of the conduct alleged in the Complaint, plus prejudgment interest of \$2,536,667, for a total of \$40,536,667. Defendants Manson's, Distinctive Investments' and Distinctive Ventures'

\$40,536,667 payment obligation shall be deemed satisfied by the \$44.2 million which they paid, forfeited, or relinquished rights to in *United States v. Callahan and Manson*.

IX.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Consents of Defendants Callahan, Manson, Distinctive Investments and Distinctive Ventures are incorporated herein with the same force and effect as if fully set forth herein, and that Defendants Callahan, Manson, Distinctive Investments and Distinctive Ventures shall comply with all of the undertakings and agreements set forth therein.

X.

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.

XI.

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: May 12, 2023
Central Islip, New York

/s/ (JMA)
HON. JOAN M. AZRACK
UNITED STATES DISTRICT JUDGE