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

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

STEVEN FITZGERALD BROWN,

Defendants.

Case No. 2:20-cv-08058-JFW-PDx

**JUDGMENT AS TO DEFENDANT
STEVEN FITZGERALD BROWN**

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
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1 provided in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also
2 binds the following who receive actual notice of this Order by personal service or
3 otherwise: (a) Defendant's officers, agents, servants, employees, and attorneys; and
4 (b) other persons in active concert or participation with any of the Defendant or with
5 anyone described in (a).

6 **IV.**

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

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

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

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 Order by personal service or
23 otherwise: (a) Defendant's officers, agents, servants, employees, and attorneys; and
24 (b) other persons in active concert or participation with any of the Defendant or with
25 anyone described in (a).

26 **V.**

27 Upon motion of the Commission, the Court shall determine whether it is
28 appropriate to order disgorgement of ill-gotten gains and/or a civil penalty pursuant to

1 pursuant to Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)] and Section
2 209(e)(1) of the Advisers Act [15 U.S.C. § 80b-9(e)(1)], and, if so, the amount(s) of
3 the disgorgement and/or civil penalty. If disgorgement is ordered, Defendant shall
4 pay prejudgment interest thereon, calculated from April 1, 2015, based on the rate of
5 interest used by the Internal Revenue Service for the underpayment of federal income
6 tax as set forth in 26 U.S.C. § 6621(a)(2). In connection with the Commission's
7 motion for disgorgement and/or civil penalties, and at any hearing held on such a
8 motion: (a) Defendant will be precluded from arguing that he did not violate the
9 federal securities laws as alleged in the Complaint; (b) Defendant may not challenge
10 the validity of the Consent or this Final Judgment; (c) solely for the purposes of such
11 motion, the allegations of the Complaint shall be accepted as and deemed true by the
12 Court; and (d) the Court may determine the issues raised in the motion on the basis of
13 affidavits, declarations, excerpts of sworn deposition or investigative testimony, and
14 documentary evidence, without regard to the standards for summary judgment
15 contained in Rule 56(c) of the Federal Rules of Civil Procedure. In connection with
16 the Commission's motion for disgorgement and/or civil penalties, the parties may
17 take discovery, including discovery from appropriate non-parties.

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, 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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15 Dated: September 14, 2020


UNITED STATES DISTRICT JUDGE