

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

Case No. 17-24624-Civ-COOKE/GOODMAN

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

ROBERT H. SHAPIRO, *et al.*,

Defendants.

FINAL JUDGMENT AS TO DEFENDANT RS PROTECTION TRUST

The Securities and Exchange Commission having filed an Amended Complaint and Defendant RS Protection Trust having entered a general appearance; consented to the Court's jurisdiction over Defendant and the subject matter of this action; consented to entry of this Final Judgment without admitting or denying the allegations of the Amended Complaint (except as to jurisdiction); waived findings of fact and conclusions of law; and waived any right to appeal from this Final Judgment:

I. PERMANENT INJUNCTIVE RELIEF

A.

Section 17(a) of the Securities Act of 1933 ("Securities Act")

It is hereby **ORDERED and ADJUDGED** that Defendant is 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,

with respect to:

- (A) any investment strategy or investment in securities,
- (B) the prospects for success of any product or company,
- (C) the use of investor funds,
- (D) compensation to any person,
- (E) the misappropriation of investor funds or investment proceeds.

It is further **ORDERED and ADJUDGED** 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's officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendant or with anyone described in (a).

B.

**Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act")
and Rules 10b-5(a) and (c) thereunder**

It is further **ORDERED and ADJUDGED** that Defendant is 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,

with respect to:

- (A) any investment strategy or investment in securities,
- (B) the prospects for success of any product or company,
- (C) the use of investor funds,
- (D) compensation to any person,
- (E) the misappropriation of investor funds or investment proceeds.

It is further **ORDERED and ADJUDGED** 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's officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendant or with anyone described in (a).

C.

Section 20(a) of the Exchange Act

It is further **ORDERED and ADJUDGED** that Defendant is permanently restrained and enjoined from, directly or indirectly, controlling, as defined in Section 20(a) of the Exchange Act [15 U.S.C. §78t(a)], any person or entity, who violates Section 10(b) and Rule 10b-5 of the Exchange Act [15 U.S.C. § 78j(b) and 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,

unless Defendant acts in good faith and does not directly or indirectly induce the act or acts constituting the violation.

It is further **ORDERED and ADJUDGED** 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's officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendant or with anyone described in (a).

II. DISGORGEMENT AND PREJUDGMENT INTEREST

It is further **ORDERED and ADJUDGED** that RS Protection Trust is liable to the Commission for disgorgement of \$3,303,485.27, representing profits gained as a result of the conduct alleged in the Amended Complaint, together with prejudgment interest thereon in the amount of \$368,165.50, for a total of \$3,671,650.77, jointly and severally with

Woodbridge Realty of Colorado, LLC, d/b/a Woodbridge Realty Unlimited, Woodbridge Luxury Homes of California, LLC, d/b/a Mercer Vine, Inc., Riverdale Funding, and WFS Holding Co., LLC, a/k/a WFS Holding Company, LLC. Defendant shall satisfy this obligation by paying \$3,671,650.77 to the Securities and Exchange Commission within 14 days after entry of this Final Judgment.

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

Enterprise Services Center
Accounts Receivable Branch
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

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

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

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

The Commission may propose a plan to distribute the Fund subject to the Court's approval. Such a plan may provide that the Fund shall be distributed pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002. The Court shall retain jurisdiction over the administration of any distribution of the Fund. If the Commission staff

determines that the Fund will not be distributed, the Commission shall send the funds paid pursuant to this Final Judgment to the United States Treasury.

III. CIVIL PENALTY

It is further **ORDERED and ADJUDGED** that the Commission's claim for a civil penalty under Section 20(d) of the Securities Act and Section 20(d) of the Exchange Act is dismissed with prejudice.

IV. RELINQUISHMENT OF CARBONDALE PROPERTIES

It is further **ORDERED and ADJUDGED** that RS Protection Trust (i) acknowledges that Carbondale Glen Owners, LLC, Carbon Basalt Owners, LLC, and Carbondale Glen Lot 18, LLC, have transferred and conveyed by quit claim deeds real property identified as Lot L-16 Aspen Glen (Carbondale, Colorado 81623 -Parcel No. 2393-191-03-022), Lot L-17 Aspen Glen (115 Midland Loop, Carbondale, Colorado 81623 - Parcel No. 2393-191-03-021, and Lot L-18 Aspen Glen (Carbondale, Colorado 81623 - Parcel No. 2393-191-03-020) (collectively "Carbondale Properties") to Carbondale Holdings, LLC, a Delaware limited liability company, for the sole and exclusive benefit of the creditors of the Debtor Defendants, as identified in Appendix A of the Amended Complaint (DE 147); (ii) agrees that it shall not have any right, title, interest or claims in or to any of the Carbondale Properties or any proceeds from any sales thereof; and (iii) agrees that WGC Independent Manager, LLC, a Delaware limited liability company, is an intended third-party beneficiary hereof.

V. ASSET FREEZE

It is further **ORDERED and ADJUDGED** that if Defendant complies with Section IV of this Final Judgment, Relinquishment of Right, Title, Ownership, Interest, and Assets, the Commission, shall, within 5 days of such compliance, notify the Court. Upon such notification, by operation of this Final Judgment, the Asset Freeze the Court previously entered against RS Protection Trust [DE 13 and DE 41] shall be lifted and extinguished in its entirety.

VI. SWORN ACCOUNTINGS AND RECORDS PRESERVATION

It is further **ORDERED and ADJUDGED** that if Defendant complies with Section III of this Final Judgment, Relinquishment of Right, Title, Ownership, Interest, and Assets, the Commission, shall, within 5 days of such compliance, notify the Court. Upon such notification, by operation of this Final Judgment, the Orders requiring RS Protection Trust to provide the Commission Sworn Accountings and to Preserve Records [DE 13 and DE 41] shall be lifted and extinguished in their entirety.

VII. INCORPORATION OF CONSENT

It is further **ORDERED and ADJUDGED** 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.

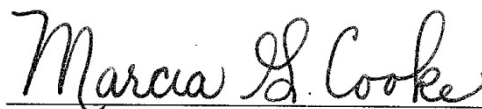
VIII. RETENTION OF JURISDICTION

It is further **ORDERED and ADJUDGED** that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.

IX. RULE 54(b) CERTIFICATION

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.

DONE and ORDERED in chambers, at Miami, Florida, this 27th day of December 2018.



MARCIA G. COOKE
United States District Judge

Copies furnished to:
Jonathan Goodman, Magistrate Judge
Counsel of record