

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

CASE NO.: 1:23-cv-24903-JB

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

RISHI KAPOOR, *et al.*

Defendants.

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**PLAINTIFF SECURITIES AND EXCHANGE COMMISSION'S  
UNOPPOSED MOTION FOR ENTRY OF CONSENT JUDGMENT**

Plaintiff Securities and Exchange Commission (“Commission” or “SEC”) files its Unopposed Motion for Entry of Consent Judgment (the “Motion”), and requests that the Court enter the proposed Judgment submitted herewith, and states:

**I. INTRODUCTION**

The Commission and Defendant Rishi Kapoor (“Kapoor”) have reached a settlement as to liability, and Kapoor, without admitting or denying the allegations in the complaint, has consented to the entry of the proposed Judgment granting the Commission’s request for permanent injunctive relief and barring Kapoor, for a period of five years, from serving as an officer or director of any company that has a class of securities registered with the Commission pursuant to Section 12 of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. § 78l], or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)]. The Court’s entry of the proposed Judgment will resolve issues of liability and provide for entry of non-monetary relief against Kapoor. If entered by the Court, the Commission’s only remaining issues in this case would be the Commission’s claims for disgorgement with prejudgment interest and civil penalties against

Kapoor which, pursuant to the terms of the proposed Judgment, would be determined by the Court upon the Commission's motion.

## II. PROCEDURAL BACKGROUND

On December 27, 2023, the Commission filed an emergency action against Kapoor, Location Ventures, LLC ("LV"), URBIN, LLC ("URBIN"), and its subsidiaries and affiliated companies<sup>1</sup> (collectively, the "Defendants") for their operation of a real estate investment scheme in violation of the anti-fraud provisions of the federal securities laws.<sup>2</sup>

On December 27, 2023, the Commission filed its Emergency *Ex Parte* Motion for Asset Freeze and Other Relief Against Defendant Rishi Kapoor and Memorandum of Law (the "Asset Freeze Motion") (ECF No. 6). On the same day, the Court entered an Order granting the Asset Freeze Motion (the "Asset Freeze Order") (ECF No. 10).<sup>3</sup> Kapoor initially intended to challenge

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<sup>1</sup> LV and URBIN's subsidiaries and affiliated entities named as defendants in the Complaint are Location Properties, LLC; Location Development, LLC; Location Capital, LLC; Location Ventures Resources, LLC; Location Equity Holdings, LLC; Location GP Sponsor, LLC; 515 Valencia Sponsor, LLC; LV Montana Sponsor, LLC; URBIN Founders Group, LLC; URBIN CG Sponsor, LLC; 515 Valencia Partners, LLC; LV Montana Phase I, LLC; Stewart Grove 1, LLC; Stewart Grove 2, LLC; Location Zamora Parent, LLC; URBIN Coral Gables Partners, LLC; URBIN Coconut Grove Partners, LLC; URBIN Miami Beach Partners, LLC; and URBIN Miami Beach II Phase 1, LLC. Patriots United, LLC, was also named as a defendant in Complaint. These entities, together with LV and URBIN, are collectively referred to as the "Company Defendants."

<sup>2</sup> The Complaint alleges Kapoor, LV, and URBIN violated Section 17(a)(2) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77q(a)(2)], and Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)], and Exchange Act Rule 10b-5(b) [7 C.F.R. § 240.10b-5(b)]; Kapoor and the Company Defendants violated Section 17(a)(1) and (3) of the Securities Act [15 U.S.C. § 77q(a)(1) and (3)], and Section 10(b) of the Exchange Act and Exchange Act Rules 10b-5(a) and (c) [17 C.F.R. § 240.10b-5(a) and (c)]; and that Kapoor also, directly and indirectly, violated Exchange Act Section 10(b) and Rule 10b-5 thereunder as a control person of the Company Defendants under Section 20(a) of the Exchange Act [15 U.S.C. § 78t(a)].

<sup>3</sup> On December 27, 2023, the Court entered, among other relief, an order freezing Kapoor's assets. Subsequently, the Supreme Court issued *Starbucks Corp. v. McKinney*, 144 S. Ct. 1570 (2024), which involved preliminary injunctive relief sought by a different government agency, and the Court applied a four-part test for temporary and preliminary injunctions. On July 9, 2024, the Third Circuit in *SEC v. Chappell*, 107 F.4th 114 (3d Cir. 2024), applied the *Starbucks* test to

the Asset Freeze Order as part of an evidentiary show cause hearing but has agreed to the Asset Freeze Order remaining in place for the pendency of the case or until further order of the Court.

The Commission and Kapoor have now reached a settlement in this case. Attached hereto as **Exhibit 1** is the executed Consent of Rishi Kapoor to Judgment of Permanent Injunction and Other Relief (“Consent”). The Consent sets forth the terms of Kapoor’s settlement with the Commission. Attached hereto as **Exhibit 2** is the proposed Judgment to which Kapoor has agreed. The Consent includes Kapoor’s consent to entry of the Judgment. The proposed Judgment against Kapoor includes injunctive relief permanently enjoining Kapoor from violating Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5]; Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)]; and Section 20(a) of the Exchange Act [15 U.S.C. § 78t(a)] by, directly or indirectly, controlling any person who violates Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5].

In addition, the proposed Judgment prohibits Kapoor, for a period of five years, from serving as an officer or director of any company that has a class of securities registered with the Commission pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l], or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

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enforcement actions brought by the SEC. That test requires a plaintiff to demonstrate the following factors to obtain a temporary or preliminary injunction: (1) a likelihood of success on the merits; (2) irreparable harm absent the injunction; (3) that the balance of equities tips in the plaintiff’s favor; and (4) that the injunction sought is in the public interest. *Starbucks*, 144 S. Ct. at 1576. In the present case, the evidence in the record supporting the SEC’s request for an asset freeze and other emergency relief satisfies the *Starbucks* factors. Moreover, Kapoor has consented to the continuation of the asset freeze during the pendency of this action or until further order of this Court. The parties have agreed to file a separate motion extending the Asset Freeze Order until further order of the Court.

Finally, the proposed Judgment orders that upon motion of the Commission, the Court shall determine whether it is appropriate to order disgorgement of ill-gotten gains and/or a civil penalty pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)] and, if so, the amount(s) of the disgorgement and/or civil penalty.

### **III. MEMORANDUM OF LAW**

#### **A. Permanent Injunctive Relief**

The proposed Judgment complies with Federal Rule of Civil Procedure 65(d), which provides that “[e]very order granting an injunction . . . must: (A) state the reasons why it issued; (B) state its terms specifically; and (C) describe in reasonable detail—and not by referring to the complaint or other document—the act or acts sought to be restrained or required.” See Fed. R. Civ. P. 65(d). “This specificity requirement is necessary to protect those who are enjoined by informing them of what they are called upon to do or to refrain from doing in order to comply with the injunction or restraining order.” *Burton v. City of Belle Glade*, 178 F.3d 1175, 1200 (11th Cir. 1999) (internal quotations omitted).

The proposed Judgment also conforms with Eleventh Circuit law, which requires that judgments for injunctive relief describe in reasonable detail the acts or conduct sought to be restrained. *SEC v. Goble*, 682 F.3d 934, 951-52 (11th Cir. 2012); *see also SEC v. Graham*, 823 F.3d 1357, 1362 n.2 (11th Cir. 2016) (noting that the court has repeatedly said “in the context of SEC enforcement actions and otherwise, ‘obey-the-law’ injunctions are unenforceable.”). The Eleventh Circuit held in *Goble* that because some “obey-the-law” injunctions lack specificity, they “deprive defendants of procedural safeguards that would ordinarily accompany a future charge of a violation of the securities laws.” *Goble*, 682 F.3d at 949. The court questioned whether an

injunction that merely repeats the language of Section 10(b) and Rule 10b-5 of the Exchange Act would survive judicial scrutiny. *Id.* at 951. The court expressed concern that given the wide range of conduct covered by Section 10(b) and Rule 10b-5 of the Exchange Act, and the large amount of case law interpreting those provisions, simply reciting the language of the statute and rule in an injunction fails to provide the detail needed to “inform the defendant of precisely what conduct is forbidden.” *Id.*

However, *Goble* acknowledged that an obey the law injunction based on a statutory provision that states specifically what is required to comply with it could satisfy Fed. R. Civ. P. 65(d)(1). Applying this principle, the Court indicated that an injunction against violations of Exchange Act Sections 15(c)(3) and 17(a), and Exchange Act Rules 15c3-3 and 17a-3 may be permissible because the rules “specifically describe the acts required of the person enjoined.” *Id.* at 952. Thus, under *Goble*, “a broad, but properly drafted injunction, which largely uses the statutory or regulatory language may satisfy the specificity requirement of Rule 65(d) so long as it clearly lets the defendant know what he is ordered to do or not.” *Id.* at 952.

Accordingly, district courts in this Circuit have entered injunctions consistent with *Goble* that incorporate the actual language of the relevant statute or rule *and also* specifically describe the acts required of the person enjoined. *See, e.g., SEC v. Natural Diamonds Invst. Co., et al*, No. 19- cv-80633-RLR (S.D. Fla., Oct. 18, 2023) (final judgments of permanent injunction and other relief against the individual defendants that included specific language identifying prohibited conduct); *SEC v. Fettner*, No. 9:19-cv-80613-RLR (S.D. Fla. May 30, 2019) (same); *SEC v. Schneider*, No. 9:17-cv-81142-RLR (S.D. Fla. Apr. 5, 2019) (same).

Here, the Commission has filed a proposed Judgment that includes permanent injunctions that “largely use” the language of Section 10(b) and Rule 10b-5 of the Exchange Act, 17(a) of the

Securities Act, and Section 20(a) of the Exchange Act, but that also, and critically, pursuant to *Goble*, specifically describes the enjoined conduct. Incorporated at the end of each subsection of the anti-fraud provisions alleged, the proposed Judgment includes the following descriptive language:

by, directly or indirectly, (i) creating a false appearance or otherwise deceiving any person, or (ii) disseminating false or misleading documents, materials, or information or making, either orally or in writing, any false or misleading statement in any communication with any investor or prospective investor, about:

- (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) Defendant's qualifications to advise investors; or
- (F) the misappropriation of investor funds or investment proceeds.

See Ex. 2.

Thus, in addition to tracking the requisite statutory language, the injunctive language includes specific prohibitions which are directly tied to the allegations in the complaint and properly put Kapoor on notice of the conduct which is prohibited. Thus, the proposed Judgment ordering injunctive relief against Kapoor is consistent with *Goble* and the permanent injunctions previously entered by courts in this district and, through the Consent filed herewith, Kapoor has explicitly consented to the permanent injunction language.

#### **B. Additional Relief**

As additional relief, Kapoor has consented to the entry of an officer and director bar pursuant to Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)] and Section 21(d)(2) of the

Exchange Act [15 U.S.C. § 78u(d)(2)], prohibiting Kapoor, for a period of five years, from acting as an officer or director of any issuer whose securities are registered with the Commission pursuant to Section 12 of the Exchange Act or which is required to file reports with the Commission pursuant to Section 15(d) of the Exchange Act. Kapoor also consents to the issues of disgorgement and civil penalties being determined by the Court upon later motion of the Commission.

WHEREFORE, the Commission respectfully requests that this Court grant the Motion and enter the proposed Judgment attached hereto.

**LOCAL RULE 7.1(a)(3) CERTIFICATION OF PRE-FILING CONFERENCE**

The Commission has conferred with counsel for Kapoor and the Receiver, who do not object to the relief requested in the Motion.

Dated: November 13, 2024

Respectfully submitted,

By: **Russell R. O'Brien**

Russell R. O'Brien, Esq.

Trial Counsel

Florida Bar No.: 084542

Telephone: (305) 982-6341

Email: obrienru@sec.gov

Attorney for Plaintiff

**Securities and Exchange Commission**

801 Brickell Avenue, Suite 1950

Miami, Florida 33131

Telephone: (305) 982-6300

Facsimile: (305) 536-4154

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**CONSENT OF RISHI KAPOOR TO JUDGMENT OF  
PERMANENT INJUNCTION AND OTHER RELIEF**

1. Defendant Rishi Kapoor (“Defendant”) acknowledges having been served with the Complaint in this action, enters a general appearance, and admits the Court’s jurisdiction over him and over the subject matter of this action.

2. Without admitting or denying the allegations of the Complaint (except as provided herein in paragraph 12 and except as to personal and subject matter jurisdiction, which he admits), Defendant consents to the entry of the Judgment of Permanent Injunction and Other Relief Against Defendant Rishi Kapoor (“Judgment”) in the form attached hereto and incorporated by reference herein. The Judgment, among other things:

- a) permanently restrains and enjoins Defendant from violating Section 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. §77q(a)], Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”), and Exchange Act Rule 10(b)-5 [15 U.S.C. §78j(b) and 17 C.F.R. §240.10-5];

- b) permanently restrains and enjoins Defendant from violating Section 20(a) of the Exchange Act [15 U.S.C. §78t(a)] by, directly or indirectly, controlling any person who violates Section 10(b) of the Exchange Act and Exchange Act Rule 10b-5; and
- c) pursuant to Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)] and Section 21(d)(2) of the Exchange Act [15 U.S.C. §78h(d)(2)], bars Defendant for a period of five (5) years from serving as an officer or director of any company that has a class of securities registered with the Commission pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l], or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

3. Defendant agrees that, upon motion of the Commission, the Court shall determine whether it is appropriate to order disgorgement of ill-gotten gains and/or a civil penalty pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)] and, if so, the amount(s) of the disgorgement and/or civil penalty. The Defendant further understands that, if disgorgement is ordered, Defendant shall pay prejudgment interest thereon, calculated from December 27, 2023, based on the rate of interest used by the Internal Revenue Service for the underpayment of federal income tax as set forth in 26 U.S.C. § 6621(a)(2). Defendant further agrees that in connection with the Commission's motion for disgorgement and/or civil penalties, and at any hearing held on such a motion: (a) Defendant will be precluded from arguing that he did not violate the federal securities laws as alleged in the Complaint; (b) Defendant may not challenge the validity of this Consent or the Judgment; (c) solely for the purposes of such motion, the allegations of the Complaint shall be

accepted as and deemed true by the Court; and (d) the Court may determine the issues raised in the motion on the basis of affidavits, declarations, excerpts of sworn deposition or investigative testimony, and documentary evidence, without regard to the standards for summary judgment contained in Rule 56(c) of the Federal Rules of Civil Procedure. In connection with the Commission's motion for disgorgement and/or civil penalties, the parties may take discovery, including discovery from appropriate non-parties.

4. Defendant agrees that he shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made pursuant to any insurance policy, with regard to any civil penalty amounts that Defendant pays pursuant to the Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors. Defendant further agrees that he shall not claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state, or local tax for any penalty amounts that Defendant pays pursuant to the Final Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors.

5. Defendant waives the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure.

6. Defendant waives the right, if any, to a jury trial and to appeal from the entry of the Judgment.

7. Defendant enters into this Consent voluntarily and represents that no threats, offers, promises, or inducements of any kind have been made by the Commission or any member, officer, employee, agent, or representative of the Commission, to him or to anyone acting on his behalf, to induce him to enter into this Consent.

8. Defendant agrees that this Consent shall be incorporated into the Judgment with the same force and effect as if fully set forth therein.

9. Defendant will not oppose the enforcement of the Judgment on the ground, if any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure, and hereby waives any objection based thereon.

10. Defendant waives service of the Judgment and agrees that entry of the Judgment by the Court and filing with the Clerk of the Court will constitute notice to him of its terms and conditions. Defendant further agrees to provide counsel for the Commission, within thirty (30) days after the Judgment is filed with the Clerk of the Court, with an affidavit or declaration stating that Defendant has received and read a copy of the Judgment.

11. Consistent with 17 C.F.R. 202.5(f), this Consent resolves only the claims asserted against Defendant in this civil proceeding. Defendant acknowledges that no promise or representation has been made by the Commission or any member, officer, employee, agent, or representative of the Commission with regard to any criminal liability that may have arisen or may arise from the facts underlying this action or immunity from any such criminal liability. Defendant waives any claim of Double Jeopardy based upon the settlement of this proceeding, including the imposition of any remedy or civil penalty herein. Defendant further acknowledges that the Court's entry of a permanent injunction may have collateral consequences under federal or state law and the rules and regulations of self-regulatory organizations, licensing boards, and other regulatory organizations. Such collateral consequences include, but are not limited to, a statutory disqualification with respect to membership or participation in, or association with a member of, a self-regulatory organization. This statutory disqualification has consequences that are separate from any sanction imposed in an administrative proceeding. In addition, in any

disciplinary proceeding before the Commission based on the entry of the injunction in this action, Defendant understands that he shall not be permitted to contest the factual allegations of the Complaint in this action.

12. Defendant understands and agrees to comply with the terms of 17 C.F.R. § 202.5(e), which provides in part that it is the Commission's policy “not to permit a Defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegations in the complaint or order for proceedings,” and “a refusal to admit the allegations is equivalent to a denial, unless the Defendant or respondent states that he neither admits nor denies the allegations.” As part of Defendant’s agreement to comply with the terms of Section 202.5(e), he: (i) will not take any action or make or permit to be made any public statement denying, directly or indirectly, any allegation in the Complaint or creating the impression that the Complaint is without factual basis; (ii) will not make or permit to be made any public statement to the effect that Defendant does not admit the allegations of the Complaint, or that this Consent contains no admission of the allegations, without also stating that he does not deny the allegations; and (iii) upon the filing of this Consent, Defendant hereby withdraws any papers filed in this action to the extent that they deny any allegation in the Complaint. If Defendant breaches this agreement, the Commission may petition the Court to vacate the Judgment and restore this action to its active docket. Nothing in this paragraph affects Defendant’s: (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal proceedings in which the Commission is not a party.

13. Defendant hereby waives any rights under the Equal Access to Justice Act, the Small Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to seek from the United States, or any agency, or any official of the United States acting in his or

her official capacity, directly or indirectly, reimbursement of attorney's fees or other fees, expenses, or costs expended by him to defend against this action. For these purposes, Defendant agrees that Defendant is not the prevailing party in this action since the parties have reached a good faith settlement.

14. Defendant agrees to waive all objections, including but not limited to, constitutional, timeliness, and procedural objections, to the administrative proceeding that will be instituted when the Judgment is entered.

15. Defendant agrees that the Commission may present the Judgment to the Court for signature and entry without further notice.

16. Defendant agrees that this Court shall retain jurisdiction over this matter for the purpose of enforcing the terms of the Judgment.

Dated: 7/11/24

By: [Signature]  
RISHI KAPOOR

On July 11, 2024, Rishi Kapoor, a person known to me, personally <sup>Via Zoom</sup> appeared before me and acknowledged executing the foregoing Consent.

[Signature]  
Notary Public  
Commission expires:



Approved as to form:

[Signature]  
Fred A. Schwartz  
200 East Palmetto Park Road Suite 103  
Boca Raton, FL 33432  
Phone: (561)-910-3064  
Attorney for Defendant

**UNITED STATES DISTRICT COURT  
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SECURITIES AND EXCHANGE  
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**JUDGMENT OF PERMANENT INJUNCTION AND  
OTHER RELIEF AS TO DEFENDANT RISHI KAPOOR**

The Securities and Exchange Commission (“Commission”) having filed a Complaint and Defendant Rishi Kapoor (“Defendant”) having entered a general appearance; consented to the Court’s jurisdiction over him and the subject matter of this action; consented to entry of this Judgment without admitting or denying the allegations of the Complaint (except as to jurisdiction and except as otherwise provided herein in paragraph III); waived findings of fact and conclusions of law; and waived any right to appeal from this Judgment:

**I.**

**PERMANENT INJUNCTIVE RELIEF**

**A. Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Exchange Act Rule 10b-5**

**IT IS HEREBY ORDERED, ADJUDGED, AND DECREED** 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 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,

by, directly or indirectly, (i) creating a false appearance or otherwise deceiving any person, or (ii) disseminating false or misleading documents, materials, or information or making, either orally or in writing, any false or misleading statement in any communication with any investor or prospective investor, about:

- (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) Defendant's qualifications to advise investors; or
- (F) the misappropriation of investor funds or investment proceeds.

**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 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 17(a) of the Securities Act of 1933 (“Securities Act”)**

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

by, directly or indirectly, (i) creating a false appearance or otherwise deceiving any person, or (ii) disseminating false or misleading documents, materials, or information or making, either orally or in writing, any false or misleading statement in any communication with any investor or prospective investor, about:

- (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) Defendant’s qualifications to advise investors; or
- (F) the misappropriation of investor funds or investment proceeds.

**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 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 HEREBY ORDERED, ADJUDGED AND DECREED** that Defendant is permanently restrained and enjoined from violating Section 20(a) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78t(a)] by, directly or indirectly, controlling any person who violates Section 10(b) of 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,

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

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

**D. Officer and Director Bar**

**IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED** that as of the date of this Judgment, and for a period of five years, Defendant is prohibited from serving as an officer or director of any company that has a class of securities registered with the Commission pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l], or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

**II.**

**DISGORGEMENT, PREJUDGMENT INTEREST AND CIVIL PENALTY**

**IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED** that upon motion of the Commission, the Court shall determine whether it is appropriate to order disgorgement of ill-gotten gains and/or a civil penalty pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)] and, if so, the amount(s) of the disgorgement and/or civil penalty. If disgorgement is ordered, Defendant shall pay prejudgment interest thereon, calculated from December 27, 2023, based on the rate of interest used by the Internal Revenue Service for the underpayment of federal income tax as set forth in 26 U.S.C. § 6621(a)(2). In connection with the Commission's motion for disgorgement and/or civil penalties, and at any hearing held on such a motion: (a) Defendant will be precluded from arguing that he did not violate the federal securities laws as alleged in the Complaint; (b) Defendant may not challenge the validity of the Consent or this Final Judgment; (c) solely for the purposes of such motion, the allegations of the Complaint shall be accepted as and deemed true by

the Court; and (d) the Court may determine the issues raised in the motion on the basis of affidavits, declarations, excerpts of sworn deposition or investigative testimony, and documentary evidence, without regard to the standards for summary judgment contained in Rule 56(c) of the Federal Rules of Civil Procedure. In connection with the Commission's motion for disgorgement and/or civil penalties, the parties may take discovery, including discovery from appropriate non-parties.

**III.**

**BANKRUPTCY NONDISCHARGEABILITY**

**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 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).

**IV.**

**INCORPORATION OF CONSENT**

**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.

V.

**RETENTION OF JURISDICTION**

**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 Judgment.

VI.

**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.

Dated: \_\_\_\_\_, 2024

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**JACQUELINE BECERRA**  
**UNITED STATES DISTRICT JUDGE**