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

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

SHE BEVERAGE COMPANY, INC.,
LUPE L. ROSE, SONJA F. SHELBY
AND KATHERINE E. DIRDEN,
Defendants.

Case No. 2:21-cv-07339-CAS-ASx

**FINAL JUDGMENT AS TO LUPE L.
ROSE**

Judge: Hon. Christina A. Snyder

Plaintiff Securities and Exchange Commission (“Plaintiff”) having filed a Complaint and Defendant Lupe L. Rose (“Defendant”) having entered a general appearance and having consented to a bifurcated judgment; the Court having considered the entire record in this case and all the pleadings and evidence submitted in support thereof; and for good cause shown,

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Plaintiff’s Motion for Disgorgement, Prejudgment Interest, and Civil Penalties is GRANTED. This Order incorporates the findings set forth in the Court’s December 14, 2023 Minute Order, Docket No. 108.

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant 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 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.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant 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

1 make the statements made, in light of the circumstances under
2 which they were made, not misleading; or

- 3 (c) to engage in any transaction, practice, or course of business which
4 operates or would operate as a fraud or deceit upon the purchaser.

5 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided
6 in Federal Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the
7 following who receive actual notice of this Judgment by personal service or otherwise:

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

11 **III.**

12 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
13 Defendant is permanently restrained and enjoined from violating Section 5 of the
14 Securities Act [15 U.S.C. § 77e] by, directly or indirectly, in the absence of any
15 applicable exemption:

- 16 (a) Unless a registration statement is in effect as to a security, making
17 use of any means or instruments of transportation or communication
18 in interstate commerce or of the mails to sell such security through
19 the use or medium of any prospectus or otherwise;
- 20 (b) Unless a registration statement is in effect as to a security, carrying
21 or causing to be carried through the mails or in interstate commerce,
22 by any means or instruments of transportation, any such security for
23 the purpose of sale or for delivery after sale; or
- 24 (c) Making use of any means or instruments of transportation or
25 communication in interstate commerce or of the mails to offer to sell
26 or offer to buy through the use or medium of any prospectus or
27 otherwise any security, unless a registration statement has been filed
28 with the Commission as to such security, or while the registration

1 statement is the subject of a refusal order or stop order or (prior to
2 the effective date of the registration statement) any public
3 proceeding or examination under Section 8 of the Securities Act [15
4 U.S.C. § 77h].

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

11 **IV.**

12 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, pursuant to
13 Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)] and Section 20(e) of the
14 Securities Act [15 U.S.C. § 77t(e)], Defendant is permanently barred from acting as an
15 officer or director of any issuer that has a class of securities registered pursuant to
16 Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports
17 pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

18 **V.**

19 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
20 Defendant is jointly and severally liable for disgorgement of \$12,021,500, representing
21 net profits from the fraud, as well as \$738,774 in prejudgment interest. In addition,
22 Defendant is liable for a civil penalty in the amount of \$669,687. Defendant shall
23 satisfy her obligations as described in this paragraph by paying the total amount for
24 which she is liable to the Commission within 30 days after entry of this Final Judgment.
25 Each side shall bear its own attorneys' fees and costs associated with this action.

26 Defendant may transmit payment electronically to the Commission, which will
27 provide detailed ACH transfer/Fedwire instructions upon request. Payment may also be
28 made directly from a bank account via Pay.gov through the SEC website at

1 <http://www.sec.gov/about/offices/ofm.htm>. Defendant may also pay by certified check,
2 bank cashier's check, or United States postal money order payable to the Securities and
3 Exchange Commission, which shall be delivered or mailed to

4 Enterprise Services Center
5 Accounts Receivable Branch
6 6500 South MacArthur Boulevard
7 Oklahoma City, OK 73169

8 and shall be accompanied by a letter identifying the case title, civil action
9 number, and name of this Court; Lupe L. Rose. as a defendant in this action; and
10 specifying that payment is made pursuant to this Final Judgment.

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

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

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

25 Regardless of whether any such Fair Fund distribution is made, amounts ordered
26 to be paid as civil penalties pursuant to this Judgment shall be treated as penalties paid
27 to the government for all purposes, including all tax purposes. To preserve the deterrent
28 effect of the civil penalty, Defendant shall not, after offset or reduction of any award of

1 compensatory damages in any Related Investor Action based on Defendant’s payment
2 of disgorgement in this action, argue that she is entitled to, nor shall she further benefit
3 by, offset or reduction of such compensatory damages award by the amount of any part
4 of Defendant’s payment of a civil penalty in this action (“Penalty Offset”). If the court
5 in any Related Investor Action grants such a Penalty Offset, Defendant shall, within 30
6 days after entry of a final order granting the Penalty Offset, notify the Commission’s
7 counsel in this action and pay the amount of the Penalty Offset to the United States
8 Treasury or to a Fair Fund, as the Commission directs. Such a payment shall not be
9 deemed an additional civil penalty and shall not be deemed to change the amount of the
10 civil penalty imposed in this Judgment. For purposes of this paragraph, a “Related
11 Investor Action” means a private damages action brought against Defendant by or on
12 behalf of one or more investors based on substantially the same facts as alleged in the
13 Complaint in this action.

14 **VI.**

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

24 **VII.**

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

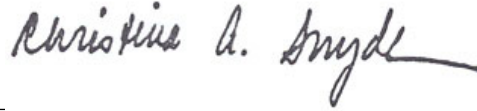
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VIII.

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 Judgment forthwith and without further notice.

Dated: January 16, 2024



HON. CHRISTINA A. SNYDER
UNITED STATES DISTRICT JUDGE