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 9 UNITED STATES DISTRICT COURT  
 10 NORTHERN DISTRICT OF CALIFORNIA  
 11 SAN FRANCISCO DIVISION  
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 14 SECURITIES AND EXCHANGE COMMISSION,  
 15 Plaintiff,  
 16 v.  
 17 WALTER NG, KELLY NG, BRUCE HORWITZ,  
 and THE MORTGAGE FUND, LLC  
 18 Defendants.  
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Case No. C-13-CV-00895 SC

**FINAL JUDGMENT AS TO DEFENDANT  
THE MORTGAGE FUND, LLC**

20  
 21 The Securities and Exchange Commission having filed a Complaint and Defendant The  
 22 Mortgage Fund, LLC (“Defendant”) having entered a general appearance; consented to the Court’s  
 23 jurisdiction over Defendant and the subject matter of this action; consented to entry of this Final  
 24 Judgment without admitting or denying the allegations of the Complaint (except as to jurisdiction);  
 25 waived findings of fact and conclusions of law; and waived any right to appeal from this Final  
 26 Judgment:  
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I.

IT IS HEERBY ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating Sections 206(1) and 206(2) of the Investment Advisors Act of 1940 (the "Advisors Act") [15 U.S.C. §§ 80b-6(1) & (2)], by using the mails or any means or instrumentality of interstate commerce, directly or indirectly:

- (a) to employ any device, 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.

II.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is liable for disgorgement of \$2,785,556, representing profits gained as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$11,085, and a civil penalty in the amount of \$725,000 pursuant to Section 209 of the Advisers Act [15 U.S.C. § 80b-9]. Defendant shall satisfy this obligation by paying \$3,521,641 to the Securities and Exchange Commission within 30 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>. 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

1 and shall be accompanied by a letter identifying the case title, civil action number, and name of this  
2 Court; The Mortgage Fund, LLC as a defendant in this action; and specifying that payment is made  
3 pursuant to this Final Judgment.

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

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

14 The Commission may propose a plan to distribute the Fund subject to the Court's approval.  
15 Such a plan may provide that the Fund shall be distributed pursuant to the Fair Fund provisions of  
16 Section 308(a) of the Sarbanes-Oxley Act of 2002. The Court shall retain jurisdiction over the  
17 administration of any distribution of the Fund. If the Commission staff determines that the Fund will  
18 not be distributed, the Commission shall send the funds paid pursuant to this Final Judgment to the  
19 United States Treasury.

20 Regardless of whether any such Fair Fund distribution is made, amounts ordered to be paid as  
21 civil penalties pursuant to this Judgment shall be treated as penalties paid to the government for all  
22 purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Defendant  
23 shall not, after offset or reduction of any award of compensatory damages in any Related Investor  
24 Action based on Defendant's payment of disgorgement in this action, argue that he is entitled to, nor  
25 shall he further benefit by, offset or reduction of such compensatory damages award by the amount of  
26 any part of Defendant's payment of a civil penalty in this action ("Penalty Offset"). If the court in  
27 any Related Investor Action grants such a Penalty Offset, Defendant shall, within 30 days after entry  
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1 of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay  
2 the amount of the Penalty Offset to the United States Treasury or to a Fair Fund, as the Commission  
3 directs. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to  
4 change the amount of the civil penalty imposed in this Judgment. For purposes of this paragraph, a  
5 "Related Investor Action" means a private damages action brought against Defendant by or on behalf  
6 of one or more investors based on substantially the same facts as alleged in the Complaint in this  
7 action.

8 III.

9 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that the Consent of  
10 Defendant The Mortgage Fund, LLC is incorporated herein with the same force and effect as if fully  
11 set forth herein, and that Defendant shall comply with all of the undertakings and agreements set  
12 forth therein.

13 IV.

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

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V.

IT IS HEREBY 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.

IT IS SO ORDERED.

Dated: 07/31/2014

  
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SAMUEL CONTI, UNITED STATES  
DISTRICT JUDGE