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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
EASTERN DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

JEFFREY A. RICHIE and FORTRESS
FINANCIAL GROUP, INC.,

Defendants.

Case No. EDCV 06-63-VAP (JCRx)

**FINAL JUDGMENT AS TO
DEFENDANT JEFFREY A. RICHIE**

Plaintiff Securities and Exchange Commission (“Commission”), having filed and served upon Defendant Jeffrey A. Richie (“Richie”) a Summons and Complaint in this action; Richie 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 as specifically set forth herein, waived findings of fact and conclusions of law, and waived any right to appeal from this Judgment; no notice of hearing upon entry of this Judgment being necessary; and this Court being fully advised:

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Richie and his 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 Section 5 of the Securities Act, 15 U.S.C. § 77e, by, directly or indirectly, in the absence of any applicable exemption:

- (a) Unless a registration statement is in effect as to a security, making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell such security through the use or medium of any prospectus or otherwise;
- (b) Unless a registration statement is in effect as to a security, carrying or causing to be carried through the mails or in interstate commerce, by any means or instruments of transportation, any such security for the purpose of sale or for delivery after sale; or
- (c) Making use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise any security, unless a registration statement has been filed with the Commission as to such security, or while the registration statement is the subject of a refusal order or stop order or (prior to the effective date of the registration statement) any public proceeding or examination under Section 8 of the Securities Act, 15 U.S.C. § 77h.

II.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Richie and his agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Judgment by personal service or otherwise are permanently restrained and enjoined from violating

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2 Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a), in the offer or sale of any
3 security by the use of any means or instruments of transportation or
4 communication in interstate commerce or by use of the mails, directly or
5 indirectly:

- 6 (a) to employ any device, scheme, or artifice to defraud;
7 (b) to obtain money or property by means of any untrue statement of a
8 material fact or any omission of a material fact necessary in order to
9 make the statements made, in light of the circumstances under which
10 they were made, not misleading; or
11 (c) to engage in any transaction, practice, or course of business which
12 operates or would operate as a fraud or deceit upon the purchaser.

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14 **III.**

15 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Richie and
16 his agents, servants, employees, attorneys, and all persons in active concert or
17 participation with them who receive actual notice of this Judgment by personal
18 service or otherwise are permanently restrained and enjoined from violating,
19 directly or indirectly, Section 10(b) of the Securities Exchange Act of 1934 (the
20 “Exchange Act”), 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder, 17
21 C.F.R. § 240.10b-5, by using any means or instrumentality of interstate commerce,
22 or of the mails, or of any facility of any national securities exchange, in connection
23 with the purchase or sale of any security:

- 24 (a) to employ any device, scheme, or artifice to defraud;
25 (b) to make any untrue statement of a material fact or to omit to state a
26 material fact necessary in order to make the statements made, in the
27 light of the circumstances under which they were made, not
28 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.

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3 **IV.**

4 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Richie and
5 his agents, servants, employees, attorneys, and all persons in active concert or
6 participation with them who receive actual notice of this Judgment by personal
7 service or otherwise are permanently restrained and enjoined from violating,
8 directly or indirectly, Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and
9 Rule 10b-9 promulgated thereunder, 17 C.F.R. § 240.10b-9, in connection with the
10 offer or sale of any security, to make any representation:

- 11 (1) to the effect that the security is being offered or sold on an "all-or-none" basis,
12 unless the security is part of an offering or distribution being made on the
13 condition that all or a specified amount of the consideration paid for such will
14 be promptly refunded to the purchasers unless (1) all of the securities being
15 offered are sold at a specified price within a specified time, and (2) the total
16 amount due to the seller is received by him by a specified date; or
17 (2) to the effect that the security is being offered or sold on any other
18 basis whereby all or part of the consideration paid for any such
19 security will be refunded to the purchaser if all or some of the
20 securities are not sold unless the security is part of an offering or
21 distribution being made on the condition that all or a specified part
22 of the consideration paid for such security will be promptly
23 refunded to the purchaser unless (1) a specified number of units of
24 the security are sold at a specified price within a specified time,
25 and (2) the total amount due to the seller is received by him by a
26 specified date.

27 **V.**

28 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Richie is
liable for disgorgement of \$2,878,329, representing the conduct alleged in the
Complaint, together with prejudgment interest thereon in the amount of
\$1,441,218.32, for a total of \$4,319,547.32. Based on Richie's sworn
representations in his Statement of Financial Condition dated October 7, 2007 and
subsequent information provided by Richie, the Commission has agreed to waive
the payment of disgorgement, pre-judgment interest, and a civil penalty.
Therefore, the Court is not ordering disgorgement, pre-judgment interest, or
payment of a civil penalty at this time. However, the determination to waive

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2 payment of disgorgement and pre-judgment interest and not to assess a civil
3 penalty was and is contingent upon the accuracy and completeness of Richie's
4 Statement of Financial Condition. If, at any time following the entry of this Final
5 Judgment, the Commission obtains information indicating that Richie's
6 representations to the Commission concerning his assets, income, liabilities, or net
7 worth were fraudulent, misleading, inaccurate, or incomplete in any material
8 respect as of the time such representations were made, the Commission may, at its
9 sole discretion and without prior notice to Richie, petition the Court for an order
10 requiring Richie to pay the full disgorgement amount, pre-judgment and post-
11 judgment interest thereon, and the maximum civil penalty allowable under the law.
12 In connection with any such petition, the only issue shall be whether the financial
13 information provided by Richie was fraudulent, misleading, inaccurate, or
14 incomplete in any material respect as of the time such representations were made.
15 In its petition, the Commission may move this Court to consider all available
16 remedies, including, but not limited to, ordering Richie to pay funds or assets,
17 directing the forfeiture of any assets, or sanctions for contempt of this Final
18 Judgment. The Commission may also request additional discovery. Richie may
19 not, by way of defense to such petition: (1) challenge the validity of the Consent
20 or this Final Judgment; (2) contest the allegations in the Complaint filed by the
21 Commission; (3) assert that payment of disgorgement, pre-judgment and post-
22 judgment interest or a civil penalty should not be ordered; (4) contest the amount
23 of disgorgement and pre-judgment and post-judgment interest; (5) contest the
24 imposition of the maximum civil penalty allowable under the law; or (6) assert any
25 defense to liability or remedy, including, but not limited to, any statute of
26 limitations defense.

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28 **VI.**

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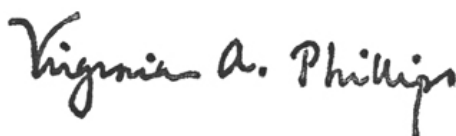
IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Consent is incorporated herein with the same force and effect as if fully set forth herein, and that Richie shall comply with all of the undertakings and agreements set forth therein.

VII.

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.

IT IS SO ORDERED.

DATED: February 25, 2008



The honorable Virginia A. Phillips
UNITED STATES DISTRICT JUDGE