

1 ERIN E. SCHNEIDER (Cal. Bar No. 216114)
schneidere@sec.gov
2 ANDREW J. HEFTY (Cal. Bar No. 220450)
heftya@sec.gov
3 RUTH L. HAWLEY (Cal. Bar No. 253112)
hawleyr@sec.gov

4 Attorneys for Plaintiff
5 SECURITIES AND EXCHANGE COMMISSION
44 Montgomery Street, Suite 2800
6 San Francisco, CA 94104
(415) 705-2500

7 UNITED STATES DISTRICT COURT
8 NORTHERN DISTRICT OF CALIFORNIA
9 OAKLAND DIVISION
10

11 SECURITIES AND EXCHANGE COMMISSION,
12 Plaintiff,
13 v.
14 JSG CAPITAL INVESTMENTS, LLC, JSG
15 CAPITAL, LLC, JSG CAPITAL LLC, JSG
16 ENTERPRISES, LLC, JASWANT S. GILL, AND
JAVIER RIOS,
17 Defendants,
18 JSG MANAGEMENT GROUP, LLC,
19 Relief Defendant.

Case No. 4:16-CV-2814-JSW

~~PROPOSED~~ FINAL JUDGMENT
AS TO DEFENDANT JAVIER RIOS
AND DIRECTING PLAINTIFF TO SERVE
DEFENDANT RIOS

1 The Securities and Exchange Commission having filed a Complaint and Defendant Javier
2 Rios (“Defendant”) having entered a general appearance; consented to the Court’s jurisdiction over
3 Defendant and the subject matter of this action; consented to entry of this Final Judgment; waived
4 findings of fact and conclusions of law; and waived any right to appeal from this Final Judgment:

5 I.

6 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant is
7 permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of the
8 Securities Exchange Act of 1934 (the “Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5
9 promulgated thereunder [17 C.F.R. § 240.10b-5], by using any means or instrumentality of
10 interstate commerce, or of the mails, or of any facility of any national securities exchange, in
11 connection with the purchase or sale of any security:

12 (a) to employ any device, scheme, or artifice to defraud;

13 (b) to make any untrue statement of a material fact or to omit to state a material
14 fact necessary in order to make the statements made, in the light of the circumstances under
15 which they were made, not misleading, or

16 (c) to engage in any act, practice, or course of business which operates or would
17 operate as a fraud or deceit upon any person.

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

23 II.

24 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
25 Defendant is permanently restrained and enjoined from violating Section 17(a) of the
26 Securities Act of 1933 (the “Securities Act”) [15 U.S.C. § 77q(a)] in the offer or sale of any
27 security by the use of any means or instruments of transportation or communication in
28 interstate commerce or by the use of the mails, directly or indirectly:

1 (a) to employ any device, scheme, or artifice to defraud;

2 (b) to obtain money or property by means of any untrue statement of a material
3 fact or any omission of a material fact necessary in order to make the statements made, in
4 light of the circumstances under which they were made, not misleading; or

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

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

12 III.

13 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is
14 permanently restrained and enjoined until further order by this Court from directly or indirectly
15 participating in the issuance, purchase, offer, or sale of any security of or through any entity
16 controlled by, or under joint control with, him, and in particular:

17 A. This prohibition includes but is not limited to the securities described as "Fixed Return
18 Investment Agreements," "Promissory Fixed Index Investment Agreement," "Promissory
19 Compounded Fixed Index Investment Agreement," "Promissory Investment Note Agreement,"
20 "Promissory Conversion Investment Note Term Sheet Agreement," "Promissory Conversion Note
21 Agreement," or "Promissory Conversion Investment Note Agreement," marketed by Defendants JSG
22 Capital Investments, LLC, JSG Capital, LLC, JSG Capital LLC, JSG Enterprises, LLC, Jaswant Gill,
23 a.k.a. Jason Gill, and Javier Rios, or any of them; and

24 B. This prohibition includes but is not limited to the offer or sale of securities, and the
25 acceptance of any money or anything of value by Defendant for such securities.

26 This injunction shall not prevent Defendant from purchasing or selling securities through his
27 own personal accounts, or accounts owned for his or his immediate family's personal benefit, such as
28 a family trust account, provided that the accounts are in no way funded by investors' money.

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

6 IV.

7 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is
8 permanently restrained and enjoined until further order by this Court from directly or indirectly
9 soliciting any person or entity to purchase or sell any security and from recommending or advising
10 any person or entity with respect to investing in any security. This injunction shall not prevent
11 Defendant from making investment decisions for entities created solely for his or his immediate
12 family’s personal benefit, such as a family trust.

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

18 V.

19 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
20 Defendant is liable for disgorgement of \$1,744,520.28, representing profits gained as a result of the
21 conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of
22 \$89,061.35, for a total of \$1,833,581.35, but that this amount shall be deemed satisfied by (1) the
23 Restitution Order attached to the Judgment in a Criminal Case filed on October 26, 2018 (attached as
24 Annex A to Defendant’s Consent to Final Judgment) in *United States v. Rios*, No. 17-CR-03748-
25 BEN (S.D. Cal.) (which shall not be altered or affected by this Final Judgment); and (2) the transfer
26 by Bank of America, N.A. (“Bank of America”) and Wheelhouse Credit Union (“Wheelhouse CU”)
27 to the Clerk, United States District Court, Southern District of California, of the entire balance of
28 three bank accounts under Defendant’s name with account numbers ending in 2431, 5624, and 4110,

1 which were frozen pursuant to an order of this Court, in accordance with the requirements of
 2 paragraph VI of this Final Judgment:

3 VI.

4 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that within 3 days after being
 5 served with a copy of the Final Judgment, Bank of America and Wheelhouse CU shall transfer the
 6 entire balance of the following bank accounts which were frozen pursuant to an order of this Court to
 7 the Clerk, United States District Court, Southern District of California, to be applied towards
 8 Defendant's payment of restitution pursuant to the Restitution Order dated October 22, 2018 entered
 9 in *United States v. Rios*, No. 17-CR-03748-BEN (S.D. Cal.):

10 <u>Institution</u>	<u>Account Owner</u>	<u>Acct. Ending in:</u>
11 Bank of America	Javier Carlos Rios	2431
12 Bank of America	Javier Carlos Rios	5624
13 Wheelhouse CU	Javier Carlos Rios	4110

14 Pursuant to this Final Judgment, the Court's prior order freezing the funds in each of these
 15 accounts is hereby abrogated solely as to Bank of America and Wheelhouse CU to permit Bank of
 16 America's and Wheelhouse CU's transmission of these funds pursuant to this Final Judgment. Bank
 17 of America and Wheelhouse CU shall transfer these funds by certified check, bank cashier's check,
 18 or United States postal money order payable to the Clerk, United States District Court, Southern
 19 District of California, which shall be delivered or mailed to

20 Clerk's Office
 21 James M. Carter and Judith N. Keep
 22 United States Courthouse
 23 Suite 420
 333 West Broadway
 San Diego, CA 92101

24 and shall be accompanied by a letter identifying the case title, civil action number, and name of this
 25 Court, and specifying that payment is made pursuant to this Final Judgment.

26 ///

27 ///

28 ///

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

VII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Consent of Defendant Javier Rios 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. (See Docket No. 79.)

VIII.

BANKRUPTCY NONDISCHARGEABILITY

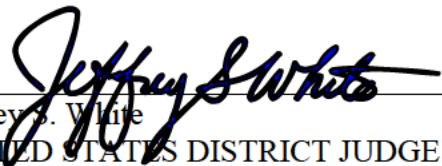
IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. § 523, the allegations in the complaint are true and admitted by Defendant, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Defendant under this Final 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).

IX.

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: June 11, 2019


Jeffrey S. White
UNITED STATES DISTRICT JUDGE