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14
15 **UNITED STATES DISTRICT COURT**
16
17 **DISTRICT OF NEVADA**

18 SECURITIES AND EXCHANGE
19 COMMISSION,

20 Plaintiff,

21 vs.

22 CANNAVEST CORP. a/k/a/ CV
23 SCIENCES, INC. and MICHAEL J.
24 MONA, JR.,

25 Defendants.

26 Case No. CV-17-01681-APG-PAL

27 **FINAL JUDGMENT AS**
28 **TO DEFENDANT MICHAEL J.**
MONA, JR.

1 The Securities and Exchange Commission (“SEC” or “Commission”) having
2 filed a Complaint and Defendant Michael J. Mona, Jr. (“Mona” or “Defendant”)
3 having entered a general appearance; consented to the Court’s jurisdiction over
4 Defendant and the subject matter of this action; consented to entry of this Final
5 Judgment without admitting or denying the allegations of the Complaint (except as to
6 jurisdiction and except as otherwise provided herein in paragraph XIV); waived
7 findings of fact and conclusions of law; and waived any right to appeal from this
8 Final Judgment:

9 **I.**

10 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant is
11 permanently restrained and enjoined from violating, directly or indirectly, Section
12 10(b) of the Securities Exchange Act of 1934 (the “Exchange Act”) [15 U.S.C. §
13 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], by using
14 any means or instrumentality of interstate commerce, or of the mails, or of any
15 facility of any national securities exchange, in connection with the purchase or sale of
16 any security:

- 17 (a) to employ any device, scheme, or artifice to defraud;
18 (b) to make any untrue statement of a material fact or to omit to state a
19 material fact necessary in order to make the statements made, in the light of the
20 circumstances under which they were made, not misleading; or
21 (c) to engage in any act, practice, or course of business which operates or
22 would operate as a fraud or deceit upon any person.

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

II.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is permanently restrained and enjoined from, directly or indirectly, controlling any person who violates Section 13(a) of the Exchange Act, 15 U.S.C. § 78m(a), and Rules 12b-20 and 13a-13 thereunder, 17 C.F.R. §§ 240.12b-20 and 240.13a-13, by knowingly providing substantial assistance to any issuer that files any quarterly report with the SEC on Form 10-Q that fails to contain such material information as may be necessary to make the required statements in the Form 10-Q, in the light of the circumstances under which they are made, not misleading.

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).

III.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is permanently restrained and enjoined from, directly or indirectly, controlling any person who violates Sections 13(b)(2)(A) or 13(b)(2)(B) of the Exchange Act, 15 U.S.C. §§ 78m(b)(2)(A) and 78m(b)(2)(B), by:

(a) failing to make and keep books, records, and accounts which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets of an issuer; or

(b) failing to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that: (1) transactions are executed in accordance with management's general or specific authorization; (2) transactions are recorded as necessary (i) to permit preparation of financial statements in conformity with generally accepted accounting principles

1 (GAAP) or any other criteria applicable to such statements and (ii) to maintain
2 accountability for assets; (3) access to assets is permitted only in accordance
3 with management's general or specific authorization; and (4) the recorded
4 accountability for assets is compared with the existing assets at reasonable
5 intervals and appropriate action is taken with respect to any differences.

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

12 **IV.**

13 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
14 Defendant is permanently restrained and enjoined from violating Section 13(b)(5) of
15 the Exchange Act, 15 U.S.C. § 78m(b)(5), by knowingly circumventing or knowingly
16 failing to implement a system of internal accounting controls, or by knowingly
17 falsifying any book, record or account required to be kept by Section 13(b)(2)(A) of
18 the Exchange Act, 15 U.S.C. § 78m(b)(2)(A), in order to, in reasonable detail,
19 accurately and fairly reflect the transactions and dispositions of the assets of the
20 issuer.

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

V.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is permanently restrained and enjoined from violating Rule 13b2-1 of the Exchange Act, 17 C.F.R. § 240.13b2-1, by, directly or indirectly, falsifying or causing to be falsified, any book, record, or account subject to Section 13(b)(2)(A) of the Exchange Act, 15 U.S.C. § 78m(b)(2)(A).

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).

VI.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED, that Defendant is permanently restrained and enjoined from violating, directly or indirectly, Rule 13b2-2 of the Exchange Act, 17 C.F.R. § 240.13b2-2, while an officer or director of an issuer by:

- (a) making or causing to be made a materially false or misleading statement; or
- (b) omitting to state, or causing another person to omit to state, any material fact necessary in order to make statements made, in light of the circumstances under which such statements are made, not misleading, to an accountant in connection with:
 - (i) any audit, review or examination of the financial statements of the issuer required to be made, or
 - (ii) the preparation or filing of any document or report required to be filed with the Commission.

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

7 **VII.**

8 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
9 Defendant is permanently restrained and enjoined from violating Rule 13a-14 under
10 the Exchange Act, 17 C.F.R. § 240.13a-14, by falsely certifying that any periodic
11 report filed with the SEC on Forms 10-K or 10-Q fully complies with the
12 requirements of the Exchange Act and fairly presents, in all material respects, the
13 financial condition and results of operations of the company.

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

20 **VIII.**

21 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
22 Defendant is permanently restrained and enjoined from violating, directly or
23 indirectly, Section 304(a) of the Sarbanes-Oxley Act of 2002, 15 U.S.C. § 7243, by
24 failing to reimburse an issuer for any bonus or other incentive-based compensation
25 and any profits realized from the sale of the issuer's securities during the 12-month
26 period following the first public issuance or filing with the SEC of any financial
27 document, for which an issuer is required to prepare an accounting restatement due to
28 the material noncompliance of the issuer, as a result of misconduct, with any financial

1 reporting requirement under the securities laws.

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

8 **IX.**

9 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, pursuant
10 to Section 21(d)(2) of the Exchange Act, 15 U.S.C. § 78u(d)(2), Defendant is
11 prohibited, for five years following the date of entry of this Final Judgment, from
12 acting as an officer or director of any issuer that has a class of securities registered
13 pursuant to Section 12 of the Exchange Act, 15 U.S.C. § 78l, or that is required to file
14 reports pursuant to Section 15(d) of the Exchange Act, 15 U.S.C. § 78o(d).

15 **X.**

16 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant
17 shall pay a civil penalty in the amount of \$40,000 to the Securities and Exchange
18 Commission pursuant to Section 21(d)(3) of the Exchange Act, 15 U.S.C. §
19 78u(d)(3). Defendants shall make this payment pursuant to the terms of the payment
20 schedule set forth in paragraph XI below after entry of this Final Judgment.

21 Defendant may transmit payment electronically to the SEC, which will provide
22 detailed ACH transfer/Fedwire instructions upon request. Payment may also be made
23 directly from a bank account via Pay.gov through the SEC website at
24 <http://www.sec.gov/about/offices/ofm.htm>. Defendant may also pay by certified
25 check, bank cashier's check, or United States postal money order payable to the
26 Securities and Exchange Commission, which shall be delivered or mailed to

27 Enterprise Services Center

28 Accounts Receivable Branch

1 6500 South MacArthur Boulevard
2 Oklahoma City, OK 73169

3 and shall be accompanied by a letter identifying the case title, civil action number,
4 and name of this Court; Mona as a defendant in this action; and specifying that
5 payment is made pursuant to this Final Judgment.

6 Defendant shall simultaneously transmit photocopies of evidence of payment
7 and case identifying information to the SEC's counsel in this action. By making
8 these payments, Defendant relinquishes all legal and equitable right, title, and interest
9 in such funds and no part of the funds shall be returned to Defendant. The SEC shall
10 send the funds paid pursuant to this Final Judgment to the United States Treasury.
11 Defendant shall pay post-judgment interest on any delinquent amounts pursuant to 28
12 USC § 1961.

13 **XI.**

14 Defendant shall pay the penalty due of \$40,000 in 12 installments to the SEC
15 according to the following schedule: (1) \$3,333.33 within 30 days of entry of this
16 Final Judgment; (2) \$3,333.33 within 60 days of entry of this Final Judgment; (3)
17 \$3,333.33 within 90 days of entry of this Final Judgment; (4) \$3,333.33 within 120
18 days of entry of this Final Judgment; (5) \$3,333.33 within 150 days of entry of this
19 Final Judgment; (6) \$3,333.33 within 180 days of entry of this Final Judgment; (7)
20 \$3,333.33 within 210 days of entry of this Final Judgment; (8) \$3,333.33 within 240
21 days of entry of this Final Judgment; (9) \$3,333.33 within 270 days of entry of this
22 Final Judgment; (10) \$3,333.33 within 300 days of entry of this Final Judgment; (11)
23 \$3,333.33 within 330 days of entry of this Final Judgment; and (12) \$3,333.37 within
24 360 days of entry of this Final Judgment. Payments shall be deemed made on the
25 date they are received by the SEC and shall be applied first to post-judgment interest,
26 which accrues pursuant to 28 U.S.C. §1961 on any unpaid amounts due after 14 days
27 of the entry of Final Judgment. Prior to making the final payment set forth herein,
28 Mona shall contact the staff of the SEC for the amount due for the final payment. If

1 Mona fails to make any payment by the date agreed and/or in the amount agreed
2 according to the schedule set forth above, all outstanding payments under this Final
3 Judgment, including post-judgment interest, minus any payments made, shall become
4 due and payable immediately at the discretion of the staff of the SEC without further
5 application to the Court.

6 **XII.**

7 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
8 defendant Mona shall reimburse CannaVEST Corp. (“CannaVEST”) the amount of
9 \$10,000 pursuant to Section 304(a) of the Sarbanes-Oxley Act of 2002, 15 U.S.C. §
10 7243(a). Defendant Mona shall satisfy this disgorgement obligation by paying
11 CannaVEST in twelve monthly installments according to the following schedule: (1)
12 \$833.33 within 30 days of entry of this Final Judgment; (2) \$833.33 within 60 days of
13 entry of this Final Judgment; (3) \$833.33 within 90 days of entry of this Final
14 Judgment; (4) \$833.33 within 120 days of entry of this Final Judgment; (5) \$833.33
15 within 150 days of entry of this Final Judgment; (6) \$833.33 within 180 days of entry
16 of this Final Judgment; (7) \$833.33 within 210 days of entry of this Final Judgment;
17 (8) \$833.33 within 240 days of entry of this Final Judgment; (9) \$833.33 within 270
18 days of entry of this Final Judgment; (10) \$833.33 within 300 days of entry of this
19 Final Judgment; (11) \$833.33 within 330 days of entry of this Final Judgment; and
20 (12) \$833.37 within 360 days of entry of this Final Judgment. Defendant may
21 transmit payment electronically to CannaVEST, which will provide detailed ACH
22 transfer/Fedwire instructions upon request. All payments to CannaVEST shall be
23 accompanied by a letter identifying Mona as a defendant in this action; setting forth
24 the title and civil action number of this actions and the name of this Court; and
25 specifying that payment is made pursuant to this Final Judgment. Defendant shall
26 simultaneously transmit photocopies of such payment and letter to the SEC’s counsel
27 in this action. By making this payment, Defendant relinquishes all legal and
28 equitable right, title, and interest in such funds, and Defendant shall not seek or

1 accept, directly or indirectly, reimbursement or indemnification from any source,
2 including but not limited to payment made pursuant to any insurance policy, with
3 regard to the reimbursement amount that Defendant pays pursuant to the Final
4 Judgment. If Defendant fails to make any payment by the date agreed and/or in the
5 amount agreed according to the schedule set forth above, all outstanding payments
6 under this Final Judgment, including post-judgment interest, minus any payments
7 made, shall become due and payable immediately at the discretion of the staff of the
8 Commission without further application to the Court.

9 **XIII.**

10 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the
11 Consent of Michael J. Mona, Jr. to Entry of Final Judgment is incorporated herein
12 with the same force and effect as if fully set forth herein, and that Defendant shall
13 comply with all of the undertakings and agreements set forth therein.

14 **XIV.**

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

24 **XV.**

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 Final Judgment.
28

XVI.

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: June 1, 2018



HON. ANDREW P. GORDON
UNITED STATES DISTRICT JUDGE

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