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8
9 **UNITED STATES DISTRICT COURT**
10 **CENTRAL DISTRICT OF CALIFORNIA**

11
12 **SECURITIES AND EXCHANGE**
13 **COMMISSION,**

14 Plaintiff,

15 vs.

16 **SEXTON ADVISORY GROUP, INC.,**
and **STEVEN M. SEXTON,**

17 Defendants.
18

Case No. 5:20-cv-01806-JGB-KKx

FINAL JUDGMENT AS TO
DEFENDANT STEVEN M. SEXTON

19 **FINAL JUDGMENT AS TO DEFENDANT STEVEN M. SEXTON**

20 The Securities and Exchange Commission having filed a Complaint and
21 Defendant Steven M. Sexton having entered a general appearance; consented to the
22 Court’s jurisdiction over Defendant and the subject matter of this action; consented to
23 entry of this Final Judgment without admitting or denying the allegations of the
24 Complaint (except as to jurisdiction and except as otherwise provided herein in
25 paragraph 6); waived findings of fact and conclusions of law; and waived any right to
26 appeal from this Final Judgment.

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I.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is 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].

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).

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1 **II.**

2 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
3 Defendant is permanently restrained and enjoined from violating Section 15(a) of the
4 Exchange Act [15 U.S.C. § 78o(a)] by, directly or indirectly, in the absence of any
5 applicable exemption, making use of the mails or any means or instrumentality of
6 interstate commerce to effect any transactions in, or to induce or attempt to induce the
7 purchase or sale of, any security (other than an exempted security or commercial
8 paper, bankers' acceptances, or commercial bills) unless registered in accordance
9 with Section 15(b) of the Exchange Act [15 U.S.C. § 78o(b)].

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

16 **III.**

17 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
18 Defendant is jointly and severally liable with defendant Sexton Advisory Group, Inc.
19 ("SAG") for disgorgement of \$244,653.70, representing profits gained as a result of
20 the conduct alleged in the Complaint, together with prejudgment interest thereon in
21 the amount of \$27,137.70, for a total of \$271,791.40, which shall be partially offset
22 by \$251,826.74, the amount that SAG previously paid to the Trustees of the
23 Woodbridge Liquidation Trust, the successor in interest to the Woodbridge Group of
24 Companies, LLC, related to a case pending in the United States Bankruptcy Court of
25 the District of Delaware entitled *In re Woodbridge Group of Companies, LLC, et al.*,
26 No. 17-12560-KJC. Defendant is also liable for a civil penalty in the amount of
27 \$30,000 under Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)]. Defendant
28 shall satisfy this obligation by paying \$49,964.66 to the Securities and Exchange

1 Commission within 30 days after entry of this Final Judgment.

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

8
9 Enterprise Services Center
10 Accounts Receivable Branch
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

11 and shall be accompanied by a letter identifying the case title, civil action number,
12 and name of this Court; Steven M. Sexton as a defendant in this action; and
13 specifying that payment is made pursuant to this Final Judgment.

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

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

25 A Fair Fund is established pursuant to Section 308(a) of the Sarbanes-Oxley
26 Act of 2002, as amended by the Dodd-Frank Act of 2010 [15 U.S.C. §7246(a)], from
27 the funds deposited with the Commission pursuant to Defendant's final judgment in
28 this matter, plus interest earned on those funds (the "Fund").

1 The funds deposited with the Commission in this matter will be transferred to
2 the Liquidation Trust created by the Chapter 11 Bankruptcy Plan in the *In Re*
3 *Woodbridge Group of Companies, LLC, et al.*, Case No. 17-12560-KJC (D. DE)
4 (Jointly Administered) (“Bankruptcy Case”) bankruptcy proceeding to be distributed
5 in accordance with the Liquidation Plan approved by the Court in the Bankruptcy
6 Case (DE 2903) (“Liquidation Plan”).

7 The Court shall retain jurisdiction over the administration of any distribution of
8 the Fund pursuant to the Fair Fund provisions. If the Commission staff determines
9 that the Fund will not be distributed or transferred to the Bankruptcy Case, the
10 Commission shall send the funds paid pursuant to this Final Judgment to the United
11 States Treasury.

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

1 alleged in the Complaint in this action.

2 **IV.**

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

7 **V.**

8 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, solely for
9 purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code,
10 11 U.S.C. §523, the allegations in the complaint are true and admitted by Defendant,
11 and further, any debt for disgorgement, prejudgment interest, civil penalty or other
12 amounts due by Defendant under this Final Judgment or any other judgment, order,
13 consent order, decree or settlement agreement entered in connection with this
14 proceeding, is a debt for the violation by Defendant of the federal securities laws or
15 any regulation or order issued under such laws, as set forth in Section 523(a)(19) of
16 the Bankruptcy Code, 11 U.S.C. §523(a)(19).

17 **VI.**

18 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court
19 shall retain jurisdiction of this matter for the purposes of enforcing the terms of this
20 Final Judgment.

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22 Dated: September 3, 2020

23 
24 HON. JESUS G. BERNAL
25 UNITED STATES DISTRICT JUDGE
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