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14 **UNITED STATES DISTRICT COURT**
15 **CENTRAL DISTRICT OF CALIFORNIA**
16 **Western Division**

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18 **SECURITIES AND EXCHANGE
COMMISSION,**

19 **Plaintiff,**

20 **vs.**

21 **TITANIUM BLOCKCHAIN
INFRASTRUCTURE SERVICES,
22 INC.; EHI INTERNETWORK AND
SYSTEMS MANAGEMENT, INC.
23 aka EHI-INSM, INC.; and MICHAEL
ALAN STOLLERY aka MICHAEL
24 STOLLAIRE,**

25 **Defendants.**
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Case No. CV18-4315-DSF (JPRx)

**JOINT REPORT REGARDING
BIFURCATED SETTLEMENTS AND
STIPULATION TO VACATE
SCHEDULING ORDER**

1 1. WHEREAS, on May 22, 2018, Plaintiff Securities and Exchange
2 Commission (“SEC”) filed a complaint against defendants Titanium Blockchain
3 Infrastructure Services, Inc. (“TBIS”), EHI Internetwork and Systems Management,
4 Inc. aka EHI-INSM, Inc. (“EHI”), and Michael Alan Stollery (“Stollaire”), alleging
5 they violated Section 17(a) of the Securities Act of 1933 (“Securities Act”) and
6 Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule
7 10b-5 thereunder, in connection with an initial coin offering (“ICO”) of a digital asset
8 they called “BAR.” The SEC alleged in its complaint that by conducting the ICO
9 Stollaire and TBIS also violated the securities offering registration provisions of
10 Section 5 of the Securities Act. (Dkt. No. 1.)

11 2. WHEREAS, on May 23, 2018, the Court granted the SEC’s Ex Parte
12 Application for a Temporary Restraining Order (“TRO”) and Orders: (1) Freezing
13 Assets; (2) Prohibiting the Destruction or Alteration of Documents; (3) Granting
14 Expedited Discovery; (4) Requiring Accountings; and (5) Appointing a Temporary
15 Receiver; and Order To Show Cause Re Preliminary Injunction and Appointment of a
16 Permanent Receiver, and issued a TRO that, among other things, ordered TBIS, EHI,
17 and Stollaire to show cause why a preliminary injunction should not be granted and a
18 permanent receiver not appointed. (Dkt. No. 2.)

19 3. WHEREAS, on May 25, 2018, TBIS, EHI, and Stollaire consented to the
20 entry of a preliminary injunction and to a continuation of the Court’s orders: (1)
21 Freezing Assets; (2) Prohibiting the or Destruction of Alteration of Documents; (3)
22 Granting Expedited Discovery; (4) Requiring Accountings; and (5) Appointing a
23 Permanent Receiver over TBIS, which the Court later entered on May 30, 2018. (Dkt.
24 Nos. 47 and 48.)

25 4. WHEREAS, on July 2, 2018, EHI and Stollaire filed their answer to the
26 SEC’s complaint. (Dkt. No. 59.)

27 5. WHEREAS, on February 7, 2019, following a lapse in appropriations that
28 caused the SEC to shutdown temporarily, the Court issued a revised scheduling order

1 setting filing deadlines and hearing dates applicable in this case, including, among
2 other things, the discovery cut-off, the final pretrial conference, and the trial date.
3 (Dkt. No. 75.)

4 6. WHEREAS, on May 10, 2019, the SEC reached bifurcated settlements
5 with EHI and Stollaire, which have been signed and filed with the Court (Dkt. Nos.
6 83 and 84), whereby EHI and Stollaire consented, without admitting or denying the
7 allegations of the complaint, to the entry of judgments on all claims against them and
8 to the issuance of permanent injunctions against them on those claims, as well as to
9 the issuance of a permanent injunction enjoining Stollaire from directly or indirectly,
10 participating in the offering of digital or other securities.

11 7. WHEREAS, under the terms of the bifurcated settlements, EHI and
12 Stollaire have agreed that the amounts of disgorgement and civil penalty they must
13 pay shall be determined by the Court upon motion of the SEC, assuming no further
14 settlement can be reached with the SEC as to those amounts.

15 8. WHEREAS, the court-appointed receiver over defendant TBIS has also
16 indicated that TBIS will consent to the entry of a bifurcated judgment against TBIS,
17 which are being prepared and will be filed with the Court shortly, that: (i)
18 permanently enjoins TBIS from future violations of the federal securities laws; and
19 (ii) reserves resolution of any monetary remedies to be sought by the SEC from TBIS
20 for a subsequent date.

21 NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by
22 counsel for the SEC, counsel for EHI and Stollaire, and counsel for the court-
23 appointed receiver over defendant TBIS that all remaining dates set by the Court's
24 February 7, 2019 Scheduling Order should be vacated. The parties will be requesting
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1 a hearing date and briefing schedule on the SEC's motion for monetary relief in the
2 event the parties are unable to reach a settlement on that issue.

3 **IT IS SO STIPULATED**

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5 Dated: May 10, 2019

6 */s/ Douglas M. Miller*
7 DOUGLAS M. MILLER
8 Attorney for Plaintiff
9 Securities and Exchange Commission

10 Dated: May 10, 2019

11 */s/ Andrew B. Holmes*
12 ANDREW B. HOLMES
13 Attorney for Defendants
14 EHI and Michael Stollaire

15 Dated: May 10, 2019

16 */s/ Jose Casal*
17 JOSE CASAL
18 Attorney for Josias Dewey
19 Court-Appointed Receiver
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PROOF OF SERVICE

I am over the age of 18 years and not a party to this action. My business address is:

U.S. SECURITIES AND EXCHANGE COMMISSION,
444 S. Flower Street, Suite 900, Los Angeles, California 90071
Telephone No. (323) 965-3998; Facsimile No. (213) 443-1904.

On May 10, 2019, I caused to be served the document entitled **JOINT REPORT REGARDING BIFURCATED SETTLEMENTS AND STIPULATION TO VACATE SCHEDULING ORDER** on all the parties to this action addressed as stated on the attached service list:

OFFICE MAIL: By placing in sealed envelope(s), which I placed for collection and mailing today following ordinary business practices. I am readily familiar with this agency’s practice for collection and processing of correspondence for mailing; such correspondence would be deposited with the U.S. Postal Service on the same day in the ordinary course of business.

PERSONAL DEPOSIT IN MAIL: By placing in sealed envelope(s), which I personally deposited with the U.S. Postal Service. Each such envelope was deposited with the U.S. Postal Service at Los Angeles, California, with first class postage thereon fully prepaid.

EXPRESS U.S. MAIL: Each such envelope was deposited in a facility regularly maintained at the U.S. Postal Service for receipt of Express Mail at Los Angeles, California, with Express Mail postage paid.

HAND DELIVERY: I caused to be hand delivered each such envelope to the office of the addressee as stated on the attached service list.

UNITED PARCEL SERVICE: By placing in sealed envelope(s) designated by United Parcel Service (“UPS”) with delivery fees paid or provided for, which I deposited in a facility regularly maintained by UPS or delivered to a UPS courier, at Los Angeles, California.

ELECTRONIC MAIL: By transmitting the document by electronic mail to the electronic mail address as stated on the attached service list.

E-FILING: By causing the document to be electronically filed via the Court’s CM/ECF system, which effects electronic service on counsel who are registered with the CM/ECF system.

FAX: By transmitting the document by facsimile transmission. The transmission was reported as complete and without error.

I declare under penalty of perjury that the foregoing is true and correct.

Date: May 10, 2019

/s/ Douglas M. Miller

Douglas M. Miller

SEC v. Titanium Blockchain Infrastructure Services, Inc., et al.
United States District Court – Central District of California
Case No. 2:18-cv-04315-DSF-JPR

SERVICE LIST

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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
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SECURITIES AND EXCHANGE
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TITANIUM BLOCKCHAIN
INFRASTRUCTURE SERVICES,
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ALAN STOLLERY aka MICHAEL
STOLLAIRE,

Defendants.

Case No. CV18-4315-DSF (JPRx)

**[PROPOSED] ORDER VACATING
SCHEDULING ORDER (DKT NO. 75)**

1 The Court has read and considered the Joint Report Regarding Bifurcated
2 Settlement and Stipulation to Vacate Scheduling Order, jointly filed by counsel for
3 Plaintiff Securities and Exchange Commission, counsel for the court-appointed
4 receiver over Defendant Titanium Blockchain Infrastructure Services, Inc., and
5 counsel for Defendants EHI Internetwork and Systems Management and Michael
6 Stollaire.

7 FOR GOOD CAUSE SHOWN, IT IS HEREBY ORDERED THAT all
8 remaining dates and deadlines set by the Court’s February 7, 2019 Order (Dkt. No.
9 75) are vacated.

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11 **IT IS SO ORDERED.**

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13 Dated: _____
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16 Honorable Dale S. Fischer
17 United States District Judge
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