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

17
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)

**JUDGMENT AS TO DEFENDANT
MICHAEL ALAN STOLLERY, aka
MICHAEL STOLLAIRE**

JUDGMENT AS TO DEFENDANT MICHAEL STOLLAIRE

The Securities and Exchange Commission having filed a Complaint and Defendant Michael Alan Stollery aka Michael Stollaire having entered a general appearance; consented to the Court’s jurisdiction over Defendant and the subject matter of this action; consented to entry of this Final Judgment without admitting or denying the allegations of the Complaint (except as to jurisdiction and except as otherwise provided herein in paragraph VII); waived findings of fact and conclusions of law; and waived any right to appeal from this Final Judgment:

I.

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

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

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).

1 II.

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

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

8 (b) to obtain money or property by means of any untrue statement of a material fact or
9 any omission of a material fact necessary in order to make the statements made, in light of
10 the circumstances under which they were made, not misleading; or
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12 (c) to engage in any transaction, practice, or course of business which operates or
13 would operate as a fraud or deceit upon the purchaser.
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15 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal
16 Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive
17 actual notice of this Final Judgment by personal service or otherwise: (a) Defendant’s officers,
18 agents, servants, employees, and attorneys; and (b) other persons in active concert or participation
19 with Defendant or with anyone described in (a).
20

21 III.

22 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is
23 permanently restrained and enjoined from violating Section 5 of the Securities Act [15 U.S.C. §
24 77e] by, directly or indirectly, in the absence of any applicable exemption:

25 (a) Unless a registration statement is in effect as to a security, making use of any means
26 or instruments of transportation or communication in interstate commerce or of the
27 mails to sell such security through the use or medium of any prospectus or otherwise;
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- 1 (b) Unless a registration statement is in effect as to a security, carrying or causing to be
2 carried through the mails or in interstate commerce, by any means or instruments of
3 transportation, any such security for the purpose of sale or for delivery after sale; or
4 (c) Making use of any means or instruments of transportation or communication in
5 interstate commerce or of the mails to offer to sell or offer to buy through the use or
6 medium of any prospectus or otherwise any security, unless a registration statement
7 has been filed with the Commission as to such security, or while the registration
8 statement is the subject of a refusal order or stop order or (prior to the effective date
9 of the registration statement) any public proceeding or examination under Section 8
10 of the Securities Act [15 U.S.C. § 77h].
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12 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, as provided in Federal
13 Rule of Civil Procedure 65(d)(2), the foregoing paragraph also binds the following who receive
14 actual notice of this Final Judgment by personal service or otherwise: (a) Defendant's officers,
15 agents, servants, employees, and attorneys; and (b) other persons in active concert or participation
16 with Defendant or with anyone described in (a).
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18 IV.

19 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant is permanently
20 restrained and enjoined from directly or indirectly, including, but not limited to, through any entity
21 owned or controlled by Defendant, participating in the offering of digital or other securities,
22 provided, however, that such injunction shall not prevent Defendant from purchasing or selling
23 digital or other securities for himself or his own personal account.
24

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

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4 V.

5 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant
6 shall pay disgorgement of ill-gotten gains, prejudgment interest thereon, and a civil penalty pursuant
7 to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act
8 [15 U.S.C. § 78u(d)(3)]. The Court shall determine the amounts of the disgorgement and civil
9 penalty upon motion of the Commission. Prejudgment interest shall be calculated from November
10 2017, based on the rate of interest used by the Internal Revenue Service for the underpayment of
11 federal income tax as set forth in 26 U.S.C. § 6621(a)(2). In connection with the Commission's
12 motion for disgorgement and/or civil penalties, and at any hearing held on such a motion: (a)
13 Defendant will be precluded from arguing that he did not violate the federal securities laws as
14 alleged in the Complaint; (b) Defendant may not challenge the validity of the Consent or this Final
15 Judgment; (c) solely for the purposes of such motion, the allegations of the Complaint shall be
16 accepted as and deemed true by the Court; and (d) the Court may determine the issues raised in the
17 motion on the basis of affidavits, declarations, excerpts of sworn deposition or investigative
18 testimony, and documentary evidence, without regard to the standards for summary judgment
19 contained in Rule 56(c) of the Federal Rules of Civil Procedure. In connection with the
20 Commission's motion for disgorgement and/or civil penalties, the parties may take discovery,
21 including discovery from appropriate non-parties.
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24 VI.

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

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

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12 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain
13 jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.
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15 Dated: May 14, 2019

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17 Dale S. Fischer
18 United States District Judge
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