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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.
26
27
28

Case No. CV18-4315-DSF (JPRx)

**CONSENT OF DEFENDANT
MICHAEL ALAN STOLLERY, aka
MICHAEL STOLLAIRE**

CONSENT OF DEFENDANT MICHAEL STOLLAIRE

1
2 1. Defendant Michael Alan Stollery aka Michael Stollaire ("Defendant") acknowledges
3 having been served with the complaint in this action, enters a general appearance, and admits the
4 Court's jurisdiction over Defendant and over the subject matter of this action.

5 2. Without admitting or denying the allegations of the complaint (except as provided
6 herein in paragraph 11 and except as to personal and subject matter jurisdiction, which Defendant
7 admits), Defendant hereby consents to the entry of the final Judgment in the form attached hereto
8 (the "Final Judgment") and incorporated by reference herein, which, among other things:
9

10 (a) permanently restrains and enjoins Defendant from violations of Sections 5(a),
11 5(c), and 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§ 78j(b) and 78o(a)] and
12 Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78j(b) and
13 78o(a)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5];

14 (b) permanently restrains and enjoins Defendant from directly or indirectly,
15 including, but not limited to, through any entity owned or controlled by Defendant, participating in
16 the offering of digital or other securities, provided, however, that such injunction shall not prevent
17 Defendant from purchasing or selling digital or other securities for himself or his own personal
18 account; and

19 (c) orders Defendant to pay disgorgement, prejudgment interest
20 thereon, and a penalty in amounts to be determined by the Court upon motion of plaintiff Securities
21 and Exchange Commission ("SEC").
22

23 3. Defendant agrees that the Court shall order disgorgement of ill-gotten gains,
24 prejudgment interest thereon, and a civil penalty pursuant to Section 20(d) of the Securities Act [15
25 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)]. Defendant
26 further agrees that the amounts of the disgorgement and civil penalty shall be determined by the
27 Court upon motion of the Commission, and that prejudgment interest shall be calculated from
28

1 November 2017, based on the rate of interest used by the Internal Revenue Service for the
2 underpayment of federal income tax as set forth in 26 U.S.C. § 6621(a)(2). Defendant further
3 agrees that in connection with the Commission's motion for disgorgement and/or civil penalties,
4 and at any hearing held on such a motion: (a) Defendant will be precluded from arguing that he did
5 not violate the federal securities laws as alleged in the Complaint; (b) Defendant may not challenge
6 the validity of this Consent or the Final Judgment; (c) solely for the purposes of such motion, the
7 allegations of the Complaint shall be accepted as and deemed true by the Court; and (d) the Court
8 may determine the issues raised in the motion on the basis of affidavits, declarations, excerpts of
9 sworn deposition or investigative testimony, and documentary evidence, without regard to the
10 standards for summary judgment contained in Rule 56(c) of the Federal Rules of Civil Procedure.

11 In connection with the Commission's motion for disgorgement and/or civil penalties, the parties
12 may take discovery, including discovery from appropriate non-parties.
13

14 4. Defendant waives the entry of findings of fact and conclusions of law pursuant to
15 Rule 52 of the Federal Rules of Civil Procedure.
16

17 5. Defendant waives the right, if any, to a jury trial and to appeal from the entry of the
18 Final Judgment.

19 6. Defendant enters into this Consent voluntarily and represents that no threats, offers,
20 promises, or inducements of any kind have been made by the Commission or any member, officer,
21 employee, agent, or representative of the Commission to induce Defendant to enter into this
22 Consent.
23

24 7. Defendant agrees that this Consent shall be incorporated into the Final Judgment
25 with the same force and effect as if fully set forth therein.

26 8. Defendant will not oppose the enforcement of the Final Judgment on the ground, if
27 any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure, and
28

1 hereby waives any objection based thereon.

2 9. Defendant waives service of the Final Judgment and agrees that entry of the Final
3 Judgment by the Court and filing with the Clerk of the Court will constitute notice to Defendant of
4 its terms and conditions. Defendant further agrees to provide counsel for the Commission, within
5 thirty days after the Final Judgment is filed with the Clerk of the Court, with an affidavit or
6 declaration stating that Defendant has received and read a copy of the Final Judgment.
7

8 10. Consistent with 17 C.F.R. 202.5(f), this Consent resolves only the claims asserted
9 against Defendant in this civil proceeding. Defendant acknowledges that no promise or
10 representation has been made by the Commission or any member, officer, employee, agent, or
11 representative of the Commission with regard to any criminal liability that may have arisen or may
12 arise from the facts underlying this action or immunity from any such criminal liability. Defendant
13 waives any claim of Double Jeopardy based upon the settlement of this proceeding, including the
14 imposition of any remedy or civil penalty herein. Defendant further acknowledges that the Court's
15 entry of a permanent injunction may have collateral consequences under federal or state law and the
16 rules and regulations of self-regulatory organizations, licensing boards, and other regulatory
17 organizations. Such collateral consequences include, but are not limited to, a statutory
18 disqualification with respect to membership or participation in, or association with a member of, a
19 self-regulatory organization. This statutory disqualification has consequences that are separate from
20 any sanction imposed in an administrative proceeding. In addition, in any disciplinary proceeding
21 before the Commission based on the entry of the injunction in this action, Defendant understands
22 that he shall not be permitted to contest the factual allegations of the complaint in this action.
23

24 11. Defendant understands and agrees to comply with the terms of 17 C.F.R. § 202.5(e),
25 which provides in part that it is the Commission's policy "not to permit a defendant or respondent to
26 consent to a judgment or order that imposes a sanction while denying the allegations in the
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1 complaint or order for proceedings," and "a refusal to admit the allegations is equivalent to a denial,
2 unless the defendant or respondent states that he neither admits nor denies the allegations." As part
3 of Defendant's agreement to comply with the terms of Section 202.5(e), Defendant: (i) will not
4 take any action or make or permit to be made any public statement denying, directly or indirectly,
5 any allegation in the complaint or creating the impression that the complaint is without factual
6 basis; (ii) will not make or permit to be made any public statement to the effect that Defendant does
7 not admit the allegations of the complaint, or that this Consent contains no admission of the
8 allegations, without also stating that Defendant does not deny the allegations; (iii) upon the filing of
9 this Consent, Defendant hereby withdraws any papers filed in this action to the extent that they deny
10 any allegation in the complaint; and (iv) stipulates solely for purposes of exceptions to discharge set
11 forth in Section 523 of the Bankruptcy Code, 11 U.S.C. §523, that the allegations in the complaint
12 are true, and further, that any debt for disgorgement, prejudgment interest, civil penalty or other
13 amounts due by Defendant under the Final Judgment or any other judgment, order, consent order,
14 decree or settlement agreement entered in connection with this proceeding, is a debt for the
15 violation by Defendant of the federal securities laws or any regulation or order issued under such
16 laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. §523(a)(19). If
17 Defendant breaches this agreement, the Commission may petition the Court to vacate the Final
18 Judgment and restore this action to its active docket. Nothing in this paragraph affects Defendant's:
19 (i) testimonial obligations; or (ii) right to take legal or factual positions in litigation or other legal
20 proceedings in which the Commission is not a party.
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24 12. Defendant hereby waives any rights under the Equal Access to Justice Act, the Small
25 Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to seek from
26 the United States, or any agency, or any official of the United States acting in his or her official
27 capacity, directly or indirectly, reimbursement of attorney's fees or other fees, expenses, or costs
28

1 expended by Defendant to defend against this action. For these purposes, Defendant agrees that
2 Defendant is not the prevailing party in this action since the parties have reached a good faith
3 settlement.

4 13. Defendant agrees that the Commission may present the Final Judgment to the Court
5 for signature and entry without further notice.

6 14. Defendant agrees that this Court shall retain jurisdiction over this matter for the
7 purpose of enforcing the terms of the Final Judgment.
8

9
10 Dated: _____

_____ MICHAEL ALAN STOLLERY AKA MICHAEL

11 STOLLAIRE

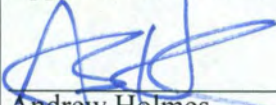
12 On _____, 2019, _____, a person known to me,
13 personally appeared before me and acknowledged executing the foregoing Consent.

14
15 _____
Notary Public
Commission expires:

16
17
18 On _____, 2019, _____, a person known to me,
19 personally appeared before me and acknowledged executing the foregoing Consent with full
authority to do so on behalf of _____ as its _____.

20 _____
Notary Public
Commission expires:

21
22 Approved as to form:

23 
24 _____
Andrew Holmes

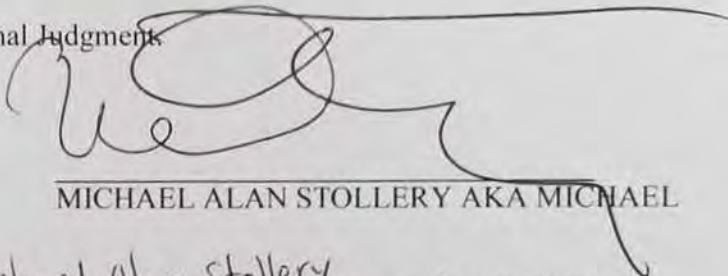
25 Attorney for Defendant
Michael Alan Stollery aka Michael Stollaire
26
27
28

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2 Defendant is not the prevailing party in this action since the parties have reached a good faith
3 settlement.

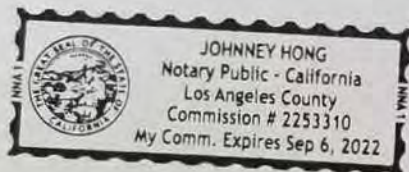
4 13. Defendant agrees that the Commission may present the Final Judgment to the Court
5 for signature and entry without further notice.

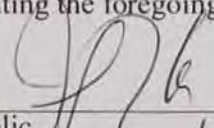
6 14. Defendant agrees that this Court shall retain jurisdiction over this matter for the
7 purpose of enforcing the terms of the Final Judgment.

8
9
10 Dated: 5.10.19


MICHAEL ALAN STOLLERY AKA MICHAEL
STOLLAIRE

11
12 On May 10, 2019, Michael Alan Stollery, a person known to me,
13 personally appeared before me and acknowledged executing the foregoing Consent.



14
15 
Notary Public
Commission expires: 09/06/22

16
17 On May 10, 2019, Michael Alan Stollery, a person known to me,
18 personally appeared before me and acknowledged executing the foregoing Consent with full
19 authority to do so on behalf of _____ as its _____.

20 **SEE ATTACHED ACKNOWLEDGEMENT**

21 Notary Public
Commission expires:

22 Approved as to form:

23
24 _____
25 Andrew Holmes
26 Attorney for Defendant
27 Michael Alan Stollery aka Michael Stollaire
28

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of Los Angeles

On May 10, 2019 before me, _____
Date

Johnney Hong Notary Public
Here Insert Name and Title of the Officer

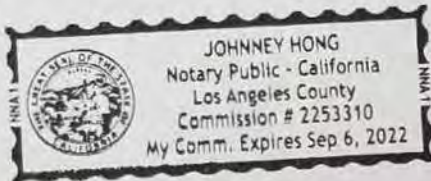
personally appeared Michael Alan Stollery

Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature _____

[Handwritten Signature]

Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____ Document Date: _____

Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____

Corporate Officer — Title(s): _____

Partner — Limited General

Individual Attorney in Fact

Trustee Guardian or Conservator

Other: _____

Signer Is Representing: _____

Signer's Name: _____

Corporate Officer — Title(s): _____

Partner — Limited General

Individual Attorney in Fact

Trustee Guardian or Conservator

Other: _____

Signer Is Representing: _____

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 **CONSENT OF DEFENDANT MICHAEL ALAN STOLLERY, aka MICHAEL STOLLAIRE** 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

1 DOUGLAS M. MILLER (Cal. Bar No. 240398)
Email: millerdou@sec.gov
2 DAVID S. BROWN (Cal. Bar No. 134569)
Email: browndav@sec.gov
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4 Attorneys for Plaintiff
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6 Joseph G. Sansone, Unit Chief (Market Abuse Unit)
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11 Michele Wein Layne, Regional Director
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12 Los Angeles, California 90071
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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.**
26
27
28

Case No. CV18-4315-DSF (JPRx)

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

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
11

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.
14

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;
28

- 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].
11

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).
17

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,
28

1 agents, servants, employees, and attorneys; and (b) other persons in active concert or participation
2 with Defendant or with anyone described in (a).

3
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.
22
23

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.
28

VII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, solely 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).

VIII.

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 Final Judgment.

Dated: _____, _____

UNITED STATES DISTRICT JUDGE