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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**
24 **ALAN STOLLERY aka MICHAEL**
STOLLAIRE,

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

CONSENT OF DEFENDANT
EHI INTERNETWORK AND
SYSTEMS MANAGEMENT, INC.

**CONSENT OF DEFENDANT EHI INTERNETWORK
AND SYSTEMS MANAGEMENT, INC.**

1
2 1. Defendant EHI Internetwork and Systems Management, Inc. ("Defendant")
3 acknowledges having been served with the complaint in this action, enters a general appearance,
4 and admits the Court's jurisdiction over Defendant and over the subject matter of this action.
5

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

10 (a) permanently restrains and enjoins Defendant from violations of Section 17(a)
11 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]; and

14 (b) orders Defendant to pay disgorgement, prejudgment interest
15 thereon, and a penalty in amounts to be determined by the Court upon motion of plaintiff Securities
16 and Exchange Commission ("SEC").
17

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

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

12 5. Defendant waives the right, if any, to a jury trial and to appeal from the entry of the
13 Final Judgment.
14

15 6. Defendant enters into this Consent voluntarily and represents that no threats, offers,
16 promises, or inducements of any kind have been made by the Commission or any member, officer,
17 employee, agent, or representative of the Commission to induce Defendant to enter into this
18 Consent.

19 7. Defendant agrees that this Consent shall be incorporated into the Final Judgment
20 with the same force and effect as if fully set forth therein.
21

22 8. Defendant will not oppose the enforcement of the Final Judgment on the ground, if
23 any exists, that it fails to comply with Rule 65(d) of the Federal Rules of Civil Procedure, and
24 hereby waives any objection based thereon.

25 9. Defendant waives service of the Final Judgment and agrees that entry of the Final
26 Judgment by the Court and filing with the Clerk of the Court will constitute notice to Defendant of
27 its terms and conditions. Defendant further agrees to provide counsel for the Commission, within
28

1 thirty days after the Final Judgment is filed with the Clerk of the Court, with an affidavit or
2 declaration stating that Defendant has received and read a copy of the Final Judgment.

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

18 11. Defendant understands and agrees to comply with the terms of 17 C.F.R. § 202.5(e),
19 which provides in part that it is the Commission's policy "not to permit a defendant or respondent to
20 consent to a judgment or order that imposes a sanction while denying the allegations in the
21 complaint or order for proceedings," and "a refusal to admit the allegations is equivalent to a denial,
22 unless the defendant or respondent states that it neither admits nor denies the allegations." As part
23 of Defendant's agreement to comply with the terms of Section 202.5(e), Defendant: (i) will not
24 take any action or make or permit to be made any public statement denying, directly or indirectly,
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1 any allegation in the complaint or creating the impression that the complaint is without factual
2 basis; (ii) will not make or permit to be made any public statement to the effect that Defendant does
3 not admit the allegations of the complaint, or that this Consent contains no admission of the
4 allegations, without also stating that Defendant does not deny the allegations; and (iii) upon the
5 filing of this Consent, Defendant hereby withdraws any papers filed in this action to the extent that
6 they deny any allegation in the complaint. If Defendant breaches this agreement, the Commission
7 may petition the Court to vacate the Final Judgment and restore this action to its active docket.
8

9 Nothing in this paragraph affects Defendant's: (i) testimonial obligations; or (ii) right to take legal
10 or factual positions in litigation or other legal proceedings in which the Commission is not a party.

11 12. Defendant hereby waives any rights under the Equal Access to Justice Act, the Small
12 Business Regulatory Enforcement Fairness Act of 1996, or any other provision of law to seek from
13 the United States, or any agency, or any official of the United States acting in his or her official
14 capacity, directly or indirectly, reimbursement of attorney's fees or other fees, expenses, or costs
15 expended by Defendant to defend against this action. For these purposes, Defendant agrees that
16 Defendant is not the prevailing party in this action since the parties have reached a good faith
17 settlement.
18

19 13. Defendant agrees that the Commission may present the Final Judgment to the Court
20 for signature and entry without further notice.
21

22 14. Defendant agrees that this Court shall retain jurisdiction over this matter for the
23 purpose of enforcing the terms of the Final Judgment.
24

25 Dated: _____

EHI INTERNETWORK AND SYSTEMS
MANAGEMENT, INC.

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

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EHI Internetwork and Systems Management, Inc.

By: _____
MICHAEL STOLLAIRE
President, EHI Internetwork and Systems
Management, Inc.
15027 Dickens Street Suite 4
North Hollywood, CA 91403 USA

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

Notary Public
Commission expires:

Approved as to form:

Andrew Holmes
Attorney for Defendant
EHI Internetwork and Systems Management, Inc.

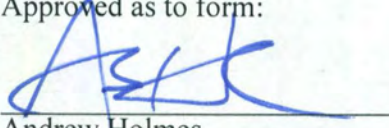
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EHI Internetwork and Systems Management, Inc.

By: _____
MICHAEL STOLLAIRE
President, EHI Internetwork and Systems
Management, Inc.
15027 Dickens Street Suite 4
North Hollywood, CA 91403 USA

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authority to do so on behalf of _____ as its _____.

Notary Public
Commission expires:

Approved as to form:


Andrew Holmes
Attorney for Defendant
EHI Internetwork and Systems Management, Inc.

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EHI Internetwork and Systems Management, Inc.

By: 
MICHAEL STOLLAIRE
President, EHI Internetwork and Systems
Management, Inc.
15027 Dickens Street Suite 4
North Hollywood, CA 91403 USA

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

Notary Public
Commission expires:

SEE ATTACHED ACKNOWLEDGEMENT

Approved as to form:

Andrew Holmes
Attorney for Defendant
EHI Internetwork and Systems Management, Inc.

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

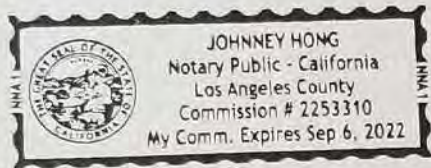
personally appeared

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 EHI INTERNETWORK AND SYSTEMS MANAGEMENT, INC.** 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 **SEC v. Titanium Blockchain Infrastructure Services, Inc., et al.**
2 **United States District Court – Central District of California**
3 **Case No. 2:18-cv-04315-DSF-JPR**

4 SERVICE LIST

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11 Email: abholmes@htsjlaw.com
12 Email: patrick.chesney@htsjlaw.com
13 *Attorney for Defendants Titanium Blockchain Infrastructure Services,*
14 *Inc.; EHI Internetwork and Systems Management, Inc. aka EHI-*
15 *INSM, Inc.; and Michael Alan Stollery aka Michael Stollaire*

16 Vince Farhat, Esq. (served by CM/ECF only)
17 Kristina S. Azlin, Esq. (served by CM/ECF only)
18 Holland & Knight LLP
19 400 S. Hope Street, 8th Floor
20 Los Angeles, CA 90071
21 Email: vince.farhat@hklaw.com
22 Email: Kristina.azlin@hklaw.com
23 *Attorneys for Court-Appointed Receiver, Josias Dewey*

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2 DAVID S. BROWN (Cal. Bar No. 134569)
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Telephone: (323) 965-3998
13 Facsimile: (213) 443-1904

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
EHI INTERNETWORK AND
SYSTEMS MANAGEMENT, INC.**

**JUDGMENT AS TO DEFENDANT EHI INTERNETWORK
AND SYSTEMS MANAGEMENT, INC.**

The Securities and Exchange Commission having filed a Complaint and Defendant EHI Internetwork and Systems Management, Inc. 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); 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,

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 II.

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

- 9
- 10 (a) to employ any device, scheme, or artifice to defraud;
 - 11 (b) to obtain money or property by means of any untrue statement of a material fact or
12 any omission of a material fact necessary in order to make the statements made, in light of
13 the circumstances under which they were made, not misleading; or
 - 14 (c) to engage in any transaction, practice, or course of business which operates or
15 would operate as a fraud or deceit upon the purchaser.
- 16

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

22 III.

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

16 IV.

17 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Consent is
18 incorporated herein with the same force and effect as if fully set forth herein, and that Defendant
19 shall comply with all of the undertakings and agreements set forth therein.
20

21 V.

22 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain
23 jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.
24

25 Dated: _____, _____

26 _____
27 UNITED STATES DISTRICT JUDGE
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