

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
Western Division**

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

AMERICAN PATRIOT BRANDS,
INC., *et al.*,

Defendants.

Case No. 2:23-cv-05379-AH-BFMx

**FINAL JUDGMENT AS TO
DEFENDANT J. BERNARD RICE,
ONLY [137]**

Defendant J. Bernard Rice (“Rice”) having been found by the Court to have violated 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] and Section 17(a) of the Securities Act of 1933 (the “Securities Act”) [15 U.S.C. § 77q(a)]; having consented to the Court’s jurisdiction over him and the subject matter of this action; having consented to entry of this Final Judgment; and having waived any right to appeal from this Final Judgment:

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Rice is permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of 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

1 material fact necessary in order to make the statements made, in the light
2 of the circumstances under which they were made, not misleading; or

- 3 (c) to engage in any act, practice, or course of business which operates or
4 would operate as a fraud or deceit upon any person.

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

10 II.

11 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
12 Rice is permanently restrained and enjoined from violating Section 17(a) of the
13 Securities Act [15 U.S.C. § 77q(a)] in the offer or sale of any security by the use of any
14 means or instruments of transportation or communication in interstate commerce or by
15 use of the mails, directly or indirectly:

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

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

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

III.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that pursuant to Section 21(d)(5) of the Exchange Act [15 U.S.C. § 78u(d)(5)], Rice is permanently restrained and enjoined from, directly or indirectly, including, but not limited to, through any entity owned or controlled by him, participating in the issuance, purchase, offer, or sale of any security provided, however, that such injunction shall not prevent Rice from purchasing or selling securities for his own personal accounts.

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) Rice’s officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Rice or with anyone described in (a).

IV.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that, pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)] and Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)], Rice is prohibited, for five (5) years following the date of entry of this Final Judgment, from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

V.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Rice is liable for disgorgement of \$581,000, representing net profits gained as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$271,877, and a civil penalty in the amount of \$236,451 pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)]. Rice shall satisfy this obligation by paying

1 \$1,089,328 to the Securities and Exchange Commission within 30 days after entry of
2 this Final Judgment.

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

9 Enterprise Services Center
10 Accounts Receivable Branch
11 6500 South MacArthur Boulevard
12 Oklahoma City, OK 73169

13 and shall be accompanied by a letter identifying the case title, civil action number, and
14 name of this Court; the identification of Rice as a defendant in this action; and
15 specifying that payment is made pursuant to this Final Judgment.

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

20 The Commission may enforce the Court's judgment for disgorgement and
21 prejudgment interest by using all collection procedures authorized by law, including,
22 but not limited to, moving for civil contempt at any time after 30 days following entry
23 of this Final Judgment.

24 The Commission may enforce the Court's judgment for penalties by the use of
25 all collection procedures authorized by law, including the Federal Debt Collection
26 Procedures Act, 28 U.S.C. § 3001 et seq., and moving for civil contempt for the
27 violation of any Court orders issued in this action. Rice shall pay post judgment
28 interest on any amounts due after 30 days of the entry of this Final Judgment pursuant

1 to 28 U.S.C. § 1961. The Commission shall hold the funds, together with any interest
2 and income earned thereon (collectively, the “Fund”), pending further order of the
3 Court.

4 The Commission may propose a plan to distribute the Fund subject to the
5 Court’s approval. Such a plan may provide that the Fund shall be distributed pursuant
6 to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002. The
7 Court shall retain jurisdiction over the administration of any distribution of the Fund
8 and the Fund may only be disbursed pursuant to an Order of the Court.

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

26 VI.

27 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that
28 the Consent of J. Bernard Rice is incorporated herein with the same force and effect as

1 if fully set forth herein, and that Rice shall comply with all of the undertakings and
2 agreements set forth therein.

3 VII.

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

13 VIII.

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

17 IX.

18 There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules
19 of Civil Procedure, the Clerk is ordered to enter this Final Judgment forthwith and
20 without further notice.

21
22
23 Dated: MARCH 13, 2026



HON. ANNE HWANG
UNITED STATES DISTRICT JUDGE