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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

OWNZONES MEDIA NETWORK,
INC., DANIEL GOMAN, and JOSEPH
GOMAN,

Defendants.

Case No. 2:20-cv-03108-MCS-JPR

**ORDER ESTABLISHING A FAIR
FUND, APPOINTING A TAX
ADMINISTRATOR AND
DISTRIBUTION AGENT, AND
AUTHORIZING PAYMENT OF
ADMINISTRATIVE FEES,
EXPENSES, AND TAX
OBLIGATIONS**

The Court, having reviewed the Motion of Plaintiff Securities and Exchange Commission (the “SEC” or “Commission”) for an Order: (1) establishing a Fair Fund; (2) appointing Miller Kaplan Arase LLP (“Miller Kaplan”) as Tax Administrator; (3) appointing Guidehouse Inc., Baker & Hostetler LLP, and PACE Claims Services LLC (“GBP”) as Distribution Agent; and (4) authorizing payment of tax obligations and administrative fees and expenses from the Fair Fund without further Court Order, and for good cause shown,

IT IS HEREBY ORDERED:

1. The Plaintiff’s Motion is GRANTED.

1 2. A Fair Fund is established, pursuant to Section 308(a) of the Sarbanes-
2 Oxley Act of 2002 [15 U.S.C. § 7246(a)], as amended by the Dodd-Frank Act of 2010
3 [15 U.S.C. § 7246], for the \$2,334,010.99 in funds collected from Defendants (the “Fair
4 Fund”).

5 3. Miller Kaplan Arase LLP (“Miller Kaplan”) is appointed as Tax
6 Administrator to execute all income tax reporting requirements, including the
7 preparation and filing of tax returns, for all funds under the Court’s jurisdiction in this
8 case.

9 4. Miller Kaplan shall be designated the Tax Administrator of the Fair Fund,
10 pursuant to Section 468B(g) of the Internal Revenue Code, 26 U.S.C. § 468B(g), and
11 related regulations, and shall satisfy the administrative requirements imposed by those
12 regulations, including but not limited to (i) obtaining a taxpayer identification number,
13 (ii) filing applicable federal, state, and local tax returns and paying taxes reported
14 thereon from the Fair Fund, and (iii) satisfying any information, reporting, or
15 withholding requirements imposed on distributions from the Fair Fund, including but
16 not limited to the Foreign Account Tax Compliance Act. Upon request, the Tax
17 Administrator shall provide copies of any filings to the SEC’s counsel of record.

18 5. The Tax Administrator shall, at such times as the Tax Administrator deems
19 necessary to fulfill the tax obligations of the Fair Fund, submit a request to the SEC’s
20 counsel of record for payment from the Fair Fund of any tax obligations of the Fair
21 Fund.

22 6. The Tax Administrator shall be entitled to charge reasonable fees and
23 expenses for tax compliance services. The Tax Administrator shall, at such times as it
24 deems appropriate, submit invoices reflecting its fees and expenses incurred in
25 connection with its duties as Tax Administrator to SEC staff for review and payment
26 from the Fair Fund. Any unresolved objections to an invoice amount will be referred to
27 the Court.

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1 7. The Commission is authorized to approve and arrange payment of all tax
2 obligations owed by the Fair Fund and fees and expenses of the Tax Administrator
3 directly from the Fair Fund without further order of this Court. The Tax Administrator
4 will submit invoices of all fees and expenses incurred in connection with its respective
5 duties to the Commission’s counsel of record for review and, as appropriate, payment.

6 8. GBP is appointed to serve as the Distribution Agent of the Fair Fund in
7 this matter, pursuant to the terms of a distribution plan to be approved by this Court (the
8 “Plan”). GBP shall coordinate with the Tax Administrator to ensure that the Fair Fund,
9 a Qualified Settlement Fund (“QSF”) under Section 468(g) of the Internal Revenue
10 Code, and related regulations, 26 C.F.R. §§ 1.468B-1 through 5, complies with all
11 related legal and regulatory requirements, including but not limited to satisfying any
12 reporting or withholding requirements imposed on distribution from the QSF.

13 9. GBP shall invoice all administrative fees and expenses incurred in the
14 administration and distribution of the Fair Fund to the SEC for review and approval by
15 the SEC. Any unresolved objections to an invoiced amount will be referred to the Court.

16 10. Within forty-five days of the Court’s approval of the Plan, GBP will
17 provide a status report, and thereafter will provide additional reports and quarterly
18 account statements within thirty days after the end of every quarter. Moreover, once the
19 Fair Fund has been transferred to an escrow account opened by GBP as Distribution
20 Agent, GBP will include with its quarterly reports a quarterly accounting report in a
21 format to be provided by the SEC. The status report and quarterly accounting report
22 will inform the Court and the SEC of the activities and status of the Fair Fund during
23 the relevant period and will specify, at a minimum (a) the location of the account(s)
24 comprising the Fair Fund; and (b) an interim accounting of all monies in the Fair Fund
25 as of the most recent month-end, including the value of the account(s), all monies earned
26 or received into the account(s), funds distributed to harmed investors under the Plan,
27 and any monies expended from the Fair Fund, including fees, expenses, and taxes
28 incurred by, or imposed on, the Fair Fund.

1 11. Upon completing its duties as Distribution Agent, GBP, working with the
2 Tax Administrator, will prepare a final report and final accounting for filing with the
3 Court, in a format to be provided by the SEC.

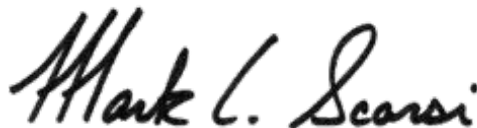
4 12. GBP may be removed by the Court sua sponte, or upon motion of the SEC,
5 at any time, and replaced with a successor. In the event GBP decides to resign, it will
6 first give written notice to the Court and to SEC staff of such intention, and the
7 resignation, if permitted, will not be effective until the Court appoints a successor.

8 13. The Commission staff is authorized to approve and arrange payment of all
9 future fees and expenses for services rendered by the Distribution Agent directly from
10 the Fair Fund without further order of the Court. All such expenditures will be reflected
11 in a quarterly and final accounting filed with the Court.

12 14. The Court will retain exclusive jurisdiction over the distribution, including
13 but not limited to claims against the Distribution Agent and/or Tax Administrator
14 asserting liability for violations of any duty imposed by the Plan or other Court order.

15
16 **IT IS SO ORDERED.**

17
18 Dated: March 18, 2022



MARK C. SCARSI
UNITED STATES DISTRICT JUDGE