

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CIVIL MINUTES - GENERAL

Case No.	2:22-cv-04119-WLH-JC	Date	March 9, 2026
Title	<i>United States Securities and Exchange Commission v. Western International Securities, Inc. et al</i>		
Present: The Honorable	WESLEY L. HSU, United States District Judge		
	Lesbith Castillo		None
	Deputy Clerk		Court Reporter
Attorneys Present for Plaintiffs:		Attorneys Present for Defendants:	
	None		None

Proceedings: (IN CHAMBERS) ORDER RE ESTABLISHING A FAIR FUND, APPOINTING A TAX ADMINISTRATOR, AND AUTHORIZING PAYMENT OF THE TAX ADMINISTRATOR’S FEES AND EXPENSES [144]

The Court is in receipt of Plaintiff United States Securities and Exchange Commission’s (the “Commission”) Motion for Order for Establishing a Fair Fund, Appointing a Tax Administrator, and Authorizing Payment of the Tax Administrator’s Fees and Expenses (the “Motion”). (Mot., Dkt. No. 144). Defendants Western International Securities, Inc. (“WIS”), and Nancy Cole, Patrick Egan, Andy Gitipityapon, Steven Graham, and Thomas Swan (“Individual Defendants”) (collectively, the “Defendants”) filed a statement of non-opposition to the Commission’s requested relief. (Statement of Non-opposition, Dkt. No. 145). For the reasons stated herein, the Court **GRANTS** the Motion.

The Final Judgment issued by the Court provided, *inter alia*, that “[t]he Commission may propose a plan to distribute the Fund subject to the Court’s approval. Such a plan may provide that the Fund shall be distributed pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002.” (See Final Judgments,

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Dkt. No. 133-138). The Commissioner has now filed this instant Motion for an Order for establishing a fair fund, appointing a tax administrator, and authorizing payment of the tax administrator's fees and expenses. The Fair Fund is a Qualified Settlement Fund ("QSF") under 26 U.S.C. § 468B(g) of the Internal Revenue Code and related regulations, 26 C.F.R. §§ 1.468B-1 through 1.468B-5. The Commissioner contends that a tax administrator "should be appointed and authorized to take all necessary steps to enable the Fair Fund to obtain and maintain the status of a taxable QSF." (Mot. at 5). The SEC recommends the appointment of MKA as the tax administrator because it has agreed to reasonable fees, i.e., a fixed fee of \$2,500 for its services, and has served as a tax administrator for several QSFs. (*Id.* at 6-7).

The Court hereby **GRANTS** the Motion and **ORDERS** the following:

1. A Fair Fund is established pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002 [15 U.S.C. 7246(a)] for the \$343,983.68 paid by the Defendants pursuant to the Final Judgment (the "Fair Fund"). Any interest and earnings on the Fair Fund and any future funds collected pursuant to the Final Judgment will be added to the Fair Fund and distributed for the benefit of harmed investors.
2. MKA is appointed Tax Administrator to execute all income tax reporting requirements, including the preparation and filing of tax returns, for the Fair Fund.
3. MKA shall be designated the Tax Administrator of the Fair Fund, pursuant to Section 468B(g) of the Internal Revenue Code ("IRC") [26 U.S.C. § 468B(g)] and related regulations, and shall satisfy the administrative requirements imposed by those regulations, including but not limited to (a)

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obtaining a taxpayer identification number, (b) filing applicable federal, state, and local tax returns and paying taxes reported thereon out of the Fair Fund, and (c) satisfying any information, reporting, or withholding requirements imposed on distributions from the Fair Fund. Upon request, the Tax Administrator shall provide copies of any filings to the SEC's counsel of record.

4. The Tax Administrator shall, at such times as the Tax Administrator deems necessary to fulfill the tax obligations of the Fair Fund, submit a request to the SEC's counsel of record for payment from the Fair Fund of any tax obligations of the Fair Fund.
5. The Tax Administrator shall be entitled to charge reasonable fees for tax compliance services and related expenses in accordance with its agreement with the SEC for the Tax Year 2026. The Tax Administrator shall, at such times as the Tax Administrator deems appropriate, submit a request to the SEC's counsel of record for payment of fees and expenses from the Fair Fund.
6. The SEC is authorized to approve and arrange payment of all taxes owed by the Fair Fund and the fees and expenses of the Tax Administrator directly from the Fair Fund without further approval of this Court. All payments for taxes and the fees and expenses of the Tax Administrator shall be reported to the Court in a final accounting.

IT IS SO ORDERED.