

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA**

**Case No.: 1:11-cv-24438-GAYLES**

**SECURITIES AND EXCHANGE COMMISSION,**

Plaintiff,

v.

**STIEFEL LABORATORIES, INC.,  
and CHARLES W. STIEFEL,**

Defendants.

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**FINAL JUDGMENT AGAINST DEFENDANT CHARLES W. STIEFEL**

**THIS CAUSE** comes before the Court on Plaintiff Securities and Exchange Commission's (the "Commission") Unopposed Motion for Entry of Final Judgments Against Defendants Stiefel Laboratories, Inc., and Charles W. Stiefel ("Stiefel") and for the Court to Establish Fair Fund (the "Motion") [ECF No. 232]. The Court has reviewed the Motion and the record and is otherwise fully advised.

Without admitting or denying the allegations of the Complaint (except that Stiefel admits the jurisdiction of the Court over him and over the subject matter of this action), Stiefel has entered a general appearance, consented to entry of this Final Judgment, waived findings of fact and conclusions of law, and waived any right to appeal from this Final Judgment. The Court, therefore, finds that good cause exists for entry of final judgment against Stiefel.

Accordingly, the Motion is **GRANTED**. The Court further orders as follows:

**I. PERMANENT INJUNCTIVE RELIEF**

**IT IS ORDERED AND ADJUDGED** that Stiefel 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, with respect to:
  - 1. any investment strategy or investment in securities;
  - 2. the value of any stock in a company or the valuation of a company’s worth;  
or
  - 3. the buying or selling of any security of any issuer, on the basis of material nonpublic information, in breach of a fiduciary duty or other duty of trust or confidence that is owed directly, indirectly, or derivatively, to the issuer of that security or the shareholders of that issuer.

**IT IS FURTHER ORDERED AND ADJUDGED** 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) Stiefel’s officers, agents,

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

**II. DISGORGEMENT, PREJUDGMENT INTEREST, AND CIVIL PENALTY**

**IT IS FURTHER ORDERED AND ADJUDGED** that Stiefel is liable to the Commission for disgorgement of \$9,300,000, representing gains as a result of the conduct alleged in the Complaint, together with prejudgment interest on disgorgement of \$930,000, and a civil penalty of \$260,000 pursuant to Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3), for a total of \$10,490,000.

**IT IS FURTHER ORDERED AND ADJUDGED** that:

1. Stiefel shall satisfy his disgorgement, prejudgment interest, and civil penalty obligation by paying it to the Commission within 30 days after entry of this Final Judgment.
2. Stiefel may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request. Payment may also be made directly from a bank account via Pay.gov through the Commission's website at <https://pay.gov/public/form/start/39621196>. Stiefel may also pay by certified check, bank cashier's check, or United States postal money order payable to the "Securities and Exchange Commission," which shall be delivered or mailed to:

Enterprise Services Center, Accounts Receivable Branch  
6500 South MacArthur Boulevard  
HQ Bldg. Room 265, AMK-326  
Oklahoma City, OK, 73169

and shall be accompanied by a letter identifying (1) the case title, (2) the civil action number, (3) the name of the Court, (4) Charles W. Stiefel as a Defendant in this action; and specifying that payment is made pursuant to this Final Judgment.

3. Stiefel shall simultaneously transmit photocopies of evidence of payment and case identifying information to the Commission's counsel in this action:

Robert K. Levenson  
Senior Trial Counsel, Securities and Exchange Commission  
801 Brickell Avenue, Suite 1950  
Miami, FL, 33131.

By making this payment, Stiefel relinquishes all legal and equitable right, title, and interest in such funds and no part of the funds shall be returned to him.

4. The Commission may enforce the Court's judgment for disgorgement and prejudgment interest by moving for civil contempt (and/or through other collection procedures authorized by law) at any time after 30 days following entry of this Final Judgment. Stiefel shall pay post judgment interest on any delinquent amounts, pursuant to 28 U.S.C. § 1961. The Commission shall hold the funds, together with any interest and income earned thereon (collectively, the "Fund"), pending further order of the Court.
5. The 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. The Court shall retain jurisdiction over the administration of any distribution of the Fund. If the Commission staff determines that the Fund will not be distributed, the Commission shall send the funds paid pursuant to this Final Judgment to the United States Treasury.
6. Regardless of whether any such Fair Fund distribution is made, amounts ordered to be paid as civil penalties pursuant to this Final Judgment shall be treated as penalties paid to the government for all purposes, including all tax purposes. To

preserve the deterrent effect of the civil penalty, Stiefel shall not, after offset or reduction of any award of compensatory damages in any Related Investor Action<sup>1</sup> based on his payment of disgorgement in this action, argue that he is entitled to, nor shall he further benefit by, offset or reduction of such compensatory damages award by the amount of any part of Stiefel's payment of a civil penalty in this action ("Penalty Offset"). If a court in any Related Investor Action grants such a Penalty Offset, Stiefel shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the United States Treasury or to a Fair Fund, as the Commission directs. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this Final Judgment.

### **III. INCORPORATION OF CONSENT**

**IT IS FURTHER ORDERED AND ADJUDGED** that the Consent filed herewith is incorporated herein with the same force and effect as if fully set forth herein, and Stiefel shall comply with all of the undertakings and agreements set forth therein.

### **IV. RETENTION OF JURISDICTION**

**IT IS FURTHER ORDERED AND ADJUDGED** that the Court shall retain jurisdiction of this matter and over Stiefel in order to implement and carry out the terms of this Final Judgment and all orders and decrees that may be entered, to entertain any suitable application or motion for

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<sup>1</sup> For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Stiefel by or on behalf of one or more investors based on substantially the same facts as alleged in the Complaint in this action.

additional relief within the jurisdiction of the Court, and to order any other relief that the Court deems appropriate under the circumstances.

**V. BANKRUPTCY NONDISCHARGEABILITY**

**IT IS FURTHER ORDERED AND ADJUDGED** 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 Stiefel, and further, any debt for disgorgement, prejudgment interest, or civil penalty or other amounts due by Stiefel 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 Stiefel 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).

**VI. RULE 54(b) CERTIFICATION**

**IT IS FURTHER ORDERED AND ADJUDGED** that, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the Clerk is ordered to enter this Final Judgment forthwith and without further notice.

**DONE AND ORDERED** in Chambers at Miami, Florida, this 4th day of June, 2020.

  
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DARRIN P. GAYLES  
UNITED STATES DISTRICT JUDGE

Copies to all parties and counsel of record

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA**

**CASE NO. 1:11-CV-24438-GAYLES**

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**Defendants.**

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**CONSENT OF DEFENDANT CHARLES STIEFEL TO FINAL JUDGMENT**

1. Defendant Charles Stiefel (“Stiefel”) acknowledges having been served with the Summons and the Complaint in this action, enters a general appearance, and admits the Court’s jurisdiction over him and over the subject matter of this action.

2. Without admitting or denying the allegations of the Complaint (except as provided herein in Paragraph 12 and except as to personal and subject matter jurisdiction, which he admits), Stiefel hereby consents to the entry of the Final Judgment Against Defendant Charles W. Stiefel (“Final Judgment”) in the form attached hereto and incorporated by reference herein. The Final Judgment, among other things, permanently restrains and enjoins Stiefel from violating and aiding and abetting violations of Section 10(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Exchange Act Rule 10b-5, and orders Stiefel to pay disgorgement of \$9,300,000, prejudgment interest on disgorgement of \$930,000, and a civil penalty of \$260,000.

3. Stiefel acknowledges that the civil penalty paid pursuant to the Final Judgment may be distributed pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002. Regardless of whether any such Fair Fund distribution is made, the civil penalty shall be

treated as a penalty paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Stiefel agrees that he shall not, after offset or reduction of any award of compensatory damages in any Related Investor Action based on Stiefel's payment of disgorgement in this action, argue that he is entitled to, nor shall he further benefit by, offset or reduction of such compensatory damages award by the amount of any part of Stiefel's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Stiefel agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the United States Treasury or to a Fair Fund, as the Commission directs. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this action. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Stiefel by or on behalf of one or more investors based on substantially the same facts as alleged in the Complaint in this action.

4. Stiefel agrees that he shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made pursuant to any insurance policy, with regard to any civil penalty amounts he may be required to pay pursuant to the Final Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors. Notwithstanding the foregoing, Stiefel may pay the penalty with funds from the Escrow Agreement dated July 22, 2009 Between S.J. Galaxy Acquisition Corporation, Stiefel Laboratories, Inc., Charles W. Stiefel (solely in his capacity as representative of the stockholders). Stiefel further agrees that he shall not claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state, or local tax for any penalty amounts that Stiefel pays pursuant to the Final Judgment, regardless of whether such

penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors.

5. Stiefel waives the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure.

6. Stiefel waives the right, if any, to a jury trial and to appeal from the entry of the Final Judgment.

7. Stiefel enters into this Consent voluntarily and represents that no threats, offers, promises, or inducements of any kind have been made by the Commission or any member, officer, employee, agent, or representative of the Commission, to him or to anyone acting on his behalf, to induce him to enter into this Consent.

8. Stiefel agrees this Consent shall be incorporated into the Final Judgment with the same force and effect as if fully set forth therein.

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

10. Stiefel waives service of the Final Judgment and agrees that entry of the Final Judgment by the Court and filing with the Clerk of the Court will constitute notice to him of the Final Judgment's terms and conditions.

11. Consistent with 17 C.F.R. 202.5(f), this Consent resolves only the claims asserted against Stiefel in this civil proceeding. Stiefel acknowledges no promise or representation has been made by the Commission or any member, officer, employee, agent, or representative of the Commission with regard to any criminal liability that may have arisen or may arise from the facts underlying this action or immunity from any such criminal liability. Stiefel waives any claim of

Double Jeopardy based upon the settlement of this proceeding, including imposition of any remedy or civil penalty herein. Stiefel further acknowledges that the Court's entry of a permanent injunction may have collateral consequences under federal or state law and the rules and regulations of self-regulatory organizations, licensing boards, and other regulatory organizations. Such collateral consequences include, but are not limited to, a statutory disqualification with respect to membership or participation in, or association with a member of, a self-regulatory organization. This statutory disqualification has consequences that are separate from any sanction imposed in an administrative proceeding. In addition, in any disciplinary proceeding before the Commission based on the entry of the injunction in this action, Stiefel understands that he shall not be permitted to contest the factual allegations of the Complaint in this action.

12. Stiefel understands and agrees to comply with the terms of 17 C.F.R. § 202.5(e), which provides in part that it is the Commission's policy "not to permit a defendant or respondent to consent to a judgment or order that imposes a sanction while denying the allegations in the complaint or order for proceedings," and "a refusal to admit the allegations is equivalent to a denial, unless the defendant or respondent states that he neither admits nor denies the allegations." As part of Stiefel's agreement to comply with the terms of Section 202.5(e), he: (a) will not take any action or make or permit to be made any public statement denying, directly or indirectly, any allegation in the Complaint or creating the impression that the Complaint is without factual basis; (b) will not make or permit to be made any public statement to the effect that he does not admit the allegations of the Complaint, or that this Consent contains no admission of the allegations, without also stating he does not deny the allegations; (c) upon filing of this Consent, hereby withdraws any papers filed in this action to the extent they deny any allegation in the Complaint; and (d) stipulates solely for purposes of exceptions to discharge set forth in Section 523 of the

Bankruptcy Code, 11 U.S.C. § 523, that the allegations in the Complaint are true, and further, any debt for disgorgement, prejudgment interest, or civil penalty or other amounts due by Stiefel 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 Stiefel 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). If Stiefel breaches this agreement, the Commission may petition the Court to vacate the Final Judgment and restore this action to its active docket. Nothing in this paragraph affects Stiefel's: (i) testimonial obligations; or (ii) the right to take legal or factual positions in litigation or other legal proceedings in which the Commission is not a party.

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

14. Stiefel agrees that the Commission may present the Final Judgment to the Court for signature and entry without further notice.

15. Stiefel agrees that this Court shall retain jurisdiction over him and over this matter for the purpose of enforcing the terms of the Final Judgment.

February 26, 2020

By: *Charles W. Stiefel*  
Charles W. Stiefel

STATE OF FLORIDA )  
COUNTY OF Miami-Dade )

On this 26<sup>th</sup> day of February 2020, before me personally appeared Charles Stiefel, Raleigh, NC, who \_\_\_\_\_ is personally known to me or  produced a driver's license bearing his name and photograph as identification, and who executed this Consent, and he acknowledged to me that he executed the same.

*Nancy Ginart*  
Notary Public

Approved as to Form:

By: *David Coulson*  
David Coulson, Esq.  
Greenberg Traurig LLP  
333 SE 2<sup>nd</sup> Avenue, Suite 4100  
Miami, FL 33131  
*Counsel to Charles W. Stiefel*

