UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION

Securities and Exchange Commission v. Brian Lam

Case No. 2:22-cv-06831-WLH-E (C.D. Cal. Mar. 10, 2025) · No. 2:22-cv-06831-WLH-E · Decided March 11, 2025

SUMMARY

This final judgment permanently enjoins Nathan Nhan Nguyen from violating federal securities registration and broker-dealer requirements and from participating in unregistered securities offerings. The court orders Nguyen to pay a $1,000 civil penalty and Nguyen Group LLC to pay a $25,000 civil penalty, while determining that no disgorgement is owed based on repayment of illicit funds.

CASE DETAILS

COURT	United States District Court for the Central District of California, Western Division
WRITING FOR THE COURT	Wesley L. Hsu
JURISDICTION	United States District Court for the Central District of California, Western Division
DECIDED	March 11, 2025
DOCKET	2:22-cv-06831-WLH-E
DISPOSITION	other
PROCEDURAL POSTURE	The court entered a final judgment as to Defendant Nathan Nhan Nguyen after previously entering a bifurcated consent judgment and considering the SEC's partially unopposed motion for monetary relief.
PRECEDENTIAL VALUE	unpublished

TOPICS

remedies · injunctions · commercial litigation · civil procedure · contempt

PRACTICE AREAS

securities enforcement · administrative law · equitable remedies · civil procedure

QUESTIONS PRESENTED

1. What injunctive relief should be entered against Nathan Nhan Nguyen for violations of Sections 5 of the Securities Act and 15(a) of the Exchange Act?
2. Whether Nguyen should be permanently enjoined from participating in unregistered securities offerings under Section 21(d)(5) of the Exchange Act.
3. What disgorgement and civil-penalty amounts should be imposed against Nguyen and Nguyen Group LLC.

HOLDINGS

1. Nguyen is permanently restrained and enjoined from violating Section 5 of the Securities Act by offering or selling securities without an applicable registration statement or exemption, or while a registration statement is subject to specified statutory proceedings.
2. Nguyen is permanently restrained and enjoined from violating Section 15(a) of the Exchange Act by effecting or inducing securities transactions without being associated with a broker or dealer registered under Section 15(b).
3. Nguyen is permanently restrained and enjoined from directly or indirectly participating, including through an entity he owns or controls, in the issuance, purchase, offer, or sale of securities in an unregistered offering.
4. Nguyen is liable for $0 in disgorgement because he repaid the illicit funds, but Nguyen must pay a $1,000 civil penalty and Nguyen Group LLC must pay a $25,000 civil penalty.

KEY QUOTATIONS

> *"IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant is permanently restrained and enjoined from violating Section 5 of the Securities Act of 1933"* (at 1)

> *"Defendant is liable for $0 in disgorgement, as determined by the Commission's Motion, based on Defendant Nguyen's repayment of illicit funds."* (at 3)

FACTUAL BACKGROUND

The SEC brought an enforcement action involving alleged violations of the federal securities laws. Nguyen had previously consented to a bifurcated judgment, and the SEC later sought monetary relief. The court found that Nguyen had repaid illicit funds and therefore owed no disgorgement, but imposed a $1,000 civil penalty on Nguyen and a $25,000 civil penalty on Nguyen Group LLC; the court reduced the initially requested penalties after considering Nguyen's representation that he had spent more than $200,000 making victims whole.

PROCEDURAL HISTORY

On March 21, 2023, the court entered a bifurcated consent judgment against Nathan Nhan Nguyen, reserving determination of disgorgement, prejudgment interest, and civil penalties. The SEC later moved for monetary relief against defendants and relief defendants. The court entered this final judgment, imposing permanent injunctions, determining disgorgement and civil-penalty amounts, and retaining jurisdiction to enforce the judgment.

DISPOSITION

other

CASES CITED

- S.E.C. v. RMR Asset Mgmt. Co., 553 F. Supp. 3d 820, 828 (S.D. Cal. 2021)

OPINION

Securities and Exchange Commission v. Brian Lam

PER CURIAM.

1 2 3 4 5 6 7

8 UNITED STATES DISTRICT COURT

9 CENTRAL DISTRICT OF CALIFORNIA

10 Western Division 11 SECURITIES AND EXCHANGE Case No. 2:22-cv-06831-WLH-E

12 COMMISSION,

FINAL JUDGMENT AS TO

13 Plaintiff, DEFENDANT NATHAN NHAN

NGUYEN

14 v. 15

BRIAN LAM; NINESQUARE

16 CAPITAL PARTNERS LLC; NATHAN NHAN NGUYEN; and

17 NGUYEN GROUP LLC,

18 Defendants, 19 and 20 YI PING LU; and THY STACY

21 NGUYEN

22 Relief Defendants. 23 24 25 26 27 1 WHEREAS, on March 21, 2023 the Court entered a bifurcated consent 2 judgment against Defendant Nathan Nhan Nguyen (“Defendant”) (Dkt No. 33), 3 ordering, among other relief which is replicated below, that upon motion of the 4 Securities and Exchange Commission (“Commission”) Defendant shall pay 5 disgorgement of ill-gotten gains and prejudgment interest thereon, and a civil penalty 6 pursuant to Section 20(d) of the Securities Act of 1933 (the “Securities Act”) [15 7 U.S.C. § 77t(d)] and Section 21(d)(3) of the Securities Exchange Act of 1934 (the 8 “Exchange Act”) [15 U.S.C. § 78u(d)(3)], and the Court having now considered the 9 SEC’s Partially Unopposed Motion for Monetary Relief Against Defendants and 10 Relief Defendants, the supporting Memorandum of Points and Authorities, the 11 supporting declarations and exhibits, and the other evidence and argument presented 12 to the Court, finds that: 13 I. 14 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant is 15 permanently restrained and enjoined from violating Section 5 of the Securities Act of 16 1933 (the “Securities Act”) [15 U.S.C. § 77e] by, directly or indirectly, in the absence 17 of any applicable exemption: 18 (a) Unless a registration statement is in effect as to a security,

making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell such security through the use or medium of any prospectus or otherwise; (b) Unless a registration statement is in effect as to a security, carrying or causing to be carried through the mails or in interstate commerce, by any means or instruments of transportation, any such security for the purpose of sale or for delivery after sale; or (c) Making use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or any security, unless a registration statement has been filed with the Commission as to such security, or while the registration statement is the subject of a refusal order or stop order or (prior to the effective date of the registration statement) any public proceeding or examination under Section 8 of the Securities Act [15 U.S.C. § 77h].

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

II.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant is permanently restrained and enjoined from violating, directly or indirectly, Section 15(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) [15 U.S.C. § 78o(a)], by making use of the mails or any means or instrumentality of interstate commerce to effect any transactions in, or to induce or attempt to induce the purchase or sale of, any security (other than an exempted security or commercial paper, bankers’ acceptances, or commercial bills) without being associated with a broker or dealer that is registered in accordance with Section 15(b) of the Exchange Act.

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

III.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that pursuant to Section 21(d)(5) of the Exchange Act [15 U.S.C. § 78u(d)(5)], Defendant 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 in an unregistered offering.

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

IV.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is liable for $0 in disgorgement, as determined by the Commission's Motion, based on Defendant Nguyen's repayment of illicit funds. Defendant is liable, however, for a civil penalty in the amount of $1,000, with Defendant Nguyen Group LLC liable for $25,000 in civil penalties, pursuant to Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)] and Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)].[1] Defendant shall satisfy this obligation by paying $1,000 to the Securities and Exchange Commission within 30 days after entry of this Final Judgment.

Defendant 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 SEC website at http://www.sec.gov/about/offices/ofm.htm. Defendant 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
Oklahoma City, OK 73169

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

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

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

The Commission may enforce the Court's judgment for penalties by the use of all collection procedures authorized by law, including the Federal Debt Collection Procedures Act, 28 U.S.C. § 3001 et seq., and moving for civil contempt for the interest on any amounts due after 30 days of the entry of this Final Judgment 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.

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

1 The SEC initially sought civil penalty amounts of $11,524 from Defendant Nguyen and $115,231 from Defendant Nguyen Group LLC. (Mot. for Monetary Relief, Docket No. 52 at 12). Based, however, on Defendant Nguyen's uncontested representation that he has spent upwards of $200,000 towards making victims whole in the last two years, the Court, in its discretion, reduced these amounts. See S.E.C. v. RMR Asset Mgmt. Co., 553 F.Supp.3d 820, 828 (S.D. Cal. 2021) (exercising judicial discretion to reduce civil penalties). The civil penalty amount, however, is not $0, in

retain jurisdiction over the administration of any distribution of the Fund and the Fund may only be disbursed pursuant to an Order of the Court. 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, Defendant shall not, after offset or reduction of any award of compensatory damages in any Related Investor Action based on Defendant'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 Defendant's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Defendant 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. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Defendant by or on behalf of one or more investors based on substantially the same facts as alleged in the Complaint in this action.

V.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED 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 Defendant, further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Defendant 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 Defendant of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of Bankruptcy Code, 11 U.S.C. § 523(a)(19).

VI.

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

VII.

There being no just reason for delay, 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.

Dated: March 10, 2025

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HON. WESLEY L. HSU

UNITED STATES DISTRICT JUDGE

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