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9
10 **UNITED STATES DISTRICT COURT**
11 **CENTRAL DISTRICT OF CALIFORNIA**
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14 SECURITIES AND EXCHANGE
COMMISSION,
15
16 Plaintiff,
17
18 vs.
19 SMART INITIATIVES, LLC, et al.,
20 Defendants.

Case No. 5:20-cv-01493-MCS-SHK

**CONSENT OF DEFENDANTS
CHARLES LLOYD AND LLOYD
MARKETING, LLC**

21 1. Defendants Charles Lloyd (“Lloyd”) and Lloyd Marketing, LLC (“Lloyd
22 Marketing”) (collectively “Defendants”) acknowledge service of the summons and
23 complaint in this action, enter a general appearance, and admit the Court’s
24 jurisdiction over Defendants and over the subject matter of this action.

25 2. Without admitting or denying the allegations of the complaint (except as
26 provided herein in paragraph 13 and except as to personal and subject matter
27 jurisdiction, which Defendants admit), Defendants hereby consent to the entry of the
28 Judgment in the form attached hereto (the “Judgment”) and incorporated by reference

1 herein, which, among other things:

2 (a) permanently restrains and enjoins Lloyd from violations of
3 Sections 5 and 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. §§
4 77e & 77q(a)] and Sections 10(b) and 15(a) of the Securities Exchange Act of 1934
5 (“Exchange Act”) [15 U.S.C. §§ 78j(b), 78o(a)];

6 (b) permanently restrains and enjoins Lloyd Marketing from
7 violations of Section 5 of the Securities Act and Section 15(a) of the Exchange Act;

8 (c) orders Lloyd to pay disgorgement in the amount of \$533,253.00
9 together with prejudgment interest in the amount of \$78,370.00, for a total of
10 \$611,623.00;

11 (d) orders Lloyd Marketing to pay, jointly and severally with Lloyd,
12 disgorgement in the amount of \$265,016.00, together with prejudgment interest in
13 the amount of \$43,400.00, for a total of \$308,416.00; and

14 (e) orders Lloyd to pay a civil penalty in the amount of \$195,047.00.

15 3. Lloyd acknowledges that the civil penalty paid pursuant to the Judgment
16 may be distributed pursuant to the Fair Fund provisions of Section 308(a) of the
17 Sarbanes-Oxley Act of 2002. Regardless of whether any such Fair Fund distribution
18 is made, the civil penalty shall be treated as a penalty paid to the government for all
19 purposes, including all tax purposes. To preserve the deterrent effect of the civil
20 penalty, Lloyd agrees that he shall not, after offset or reduction of any award of
21 compensatory damages in any Related Investor Action based on Defendants’
22 payment of disgorgement in this action, argue that he is entitled to, nor shall he
23 further benefit by, offset or reduction of such compensatory damages award by the
24 amount of any part of Lloyd’s payment of a civil penalty in this action (“Penalty
25 Offset”). If the court in any Related Investor Action grants such a Penalty Offset,
26 Lloyd agrees that he shall, within 30 days after entry of a final order granting the
27 Penalty Offset, notify the Commission’s counsel in this action and pay the amount of
28 the Penalty Offset to the United States Treasury or to a Fair Fund, as the Commission

1 directs. Such a payment shall not be deemed an additional civil penalty and shall not
2 be deemed to change the amount of the civil penalty imposed in this action. For
3 purposes of this paragraph, a “Related Investor Action” means a private damages
4 action brought against Defendants by or on behalf of one or more investors based on
5 substantially the same facts as alleged in the Complaint in this action.

6 4. Lloyd agrees that he shall not seek or accept, directly or indirectly,
7 reimbursement or indemnification from any source, including but not limited to
8 payment made pursuant to any insurance policy, with regard to any civil penalty
9 amounts that Lloyd pays pursuant to the Final Judgment, regardless of whether such
10 penalty amounts or any part thereof are added to a distribution fund or otherwise used
11 for the benefit of investors. Lloyd further agrees that he shall not claim, assert, or
12 apply for a tax deduction or tax credit with regard to any federal, state, or local tax for
13 any penalty amounts that Lloyd pays pursuant to the Final Judgment, regardless of
14 whether such penalty amounts or any part thereof are added to a distribution fund or
15 otherwise used for the benefit of investors.

16 5. Defendants waive the entry of findings of fact and conclusions of law
17 pursuant to Rule 52 of the Federal Rules of Civil Procedure.

18 6. Defendants waive the right, if any, to a jury trial and to appeal from the
19 entry of the Judgment.

20 7. Defendants enter into this Consent voluntarily and represents that no
21 threats, offers, promises, or inducements of any kind have been made by the
22 Commission or any member, officer, employee, agent, or representative of the
23 Commission to induce Defendants to enter into this Consent.

24 8. Defendants agree that this Consent shall be incorporated into the
25 Judgment with the same force and effect as if fully set forth therein.

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

1 10. Defendants waive service of the Judgment and agrees that entry of the
2 Judgment by the Court and filing with the Clerk of the Court will constitute notice to
3 Defendants of its terms and conditions. Defendants further agree to provide counsel
4 for the Commission, within thirty days after the Judgment is filed with the Clerk of
5 the Court, with an affidavit or declaration stating that Defendants have received and
6 read a copy of the Judgment.

7 11. Consistent with 17 C.F.R. 202.5(f), this Consent resolves only the claims
8 asserted against Defendants in this civil proceeding. Defendants acknowledge that no
9 promise or representation has been made by the Commission or any member, officer,
10 employee, agent, or representative of the Commission with regard to any criminal
11 liability that may have arisen or may arise from the facts underlying this action or
12 immunity from any such criminal liability. Defendants waive any claim of Double
13 Jeopardy based upon the settlement of this proceeding, including the imposition of
14 any remedy or civil penalty herein. Defendants further acknowledge that the Court’s
15 entry of a permanent injunction may have collateral consequences under federal or
16 state law and the rules and regulations of self-regulatory organizations, licensing
17 boards, and other regulatory organizations. Such collateral consequences include, but
18 are not limited to, a statutory disqualification with respect to membership or
19 participation in, or association with a member of, a self-regulatory organization. This
20 statutory disqualification has consequences that are separate from any sanction
21 imposed in an administrative proceeding. In addition, in any disciplinary proceeding
22 before the Commission based on the entry of the injunction in this action, Defendants
23 understand that they shall not be permitted to contest the factual allegations of the
24 complaint in this action.

25 12. Defendants understand and agree to comply with the terms of 17 C.F.R.
26 § 202.5(e), which provides in part that it is the Commission’s policy “not to permit a
27 defendant or respondent to consent to a judgment or order that imposes a sanction
28 while denying the allegations in the complaint or order for proceedings,” and “a

1 refusal to admit the allegations is equivalent to a denial, unless the defendant or
2 respondent states that he neither admits nor denies the allegations.” As part of
3 Defendants’ agreement to comply with the terms of Section 202.5(e), Defendants:
4 (i) will not take any action or make or permit to be made any public statement
5 denying, directly or indirectly, any allegation in the complaint or creating the
6 impression that the complaint is without factual basis; (ii) will not make or permit to
7 be made any public statement to the effect that Defendants do not admit the
8 allegations of the complaint, or that this Consent contains no admission of the
9 allegations, without also stating that Defendants does not deny the allegations;
10 (iii) upon the filing of this Consent, Defendants hereby withdraw any papers filed in
11 this action to the extent that they deny any allegation in the complaint; and
12 (iv) stipulate solely for purposes of exceptions to discharge set forth in Section 523 of
13 the Bankruptcy Code, 11 U.S.C. §523, that the allegations in the complaint are true,
14 and further, that any debt for disgorgement, prejudgment interest, civil penalty or
15 other amounts due by Defendants under the Judgment or any other judgment, order,
16 consent order, decree or settlement agreement entered in connection with this
17 proceeding, is a debt for the violation of the federal securities laws or any regulation
18 or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy
19 Code, 11 U.S.C. §523(a)(19). If Defendants breach this agreement, the Commission
20 may petition the Court to vacate the Judgment and restore this action to its active
21 docket. Nothing in this paragraph affects Defendants’: (i) testimonial obligations; or
22 (ii) right to take legal or factual positions in litigation or other legal proceedings in
23 which the Commission is not a party.

24 13. Defendants hereby waive any rights under the Equal Access to Justice
25 Act, the Small Business Regulatory Enforcement Fairness Act of 1996, or any other
26 provision of law to seek from the United States, or any agency, or any official of the
27 United States acting in his or her official capacity, directly or indirectly,
28 reimbursement of attorney’s fees or other fees, expenses, or costs expended by

1 Defendants to defend against this action. For these purposes, Defendants agree that
2 Defendants are not the prevailing party in this action since the parties have reached a
3 good faith settlement.

4 14. In connection with this action and any related judicial or administrative
5 proceeding or investigation commenced by the Commission or to which the
6 Commission is a party, Lloyd: (i) agrees to appear and be interviewed by
7 Commission staff at such times and places as the staff requests upon reasonable
8 notice; (ii) will accept service by mail or facsimile transmission of notices or
9 subpoenas issued by the Commission for documents or testimony at depositions,
10 hearings, or trials, or in connection with any related investigation by Commission
11 staff; (iii) with respect to such notices and subpoenas, waives the territorial limits on
12 service contained in Rule 45 of the Federal Rules of Civil Procedure and any
13 applicable local rules, provided that the party requesting the testimony reimburses
14 Lloyd's travel, lodging, and subsistence expenses at the then-prevailing U.S.
15 Government per diem rates; and (iv) consents to personal jurisdiction over him in any
16 United States District Court for purposes of enforcing any such subpoena.


17 15. Defendants agree to waive all objections, including but not limited to,
18 constitutional, timeliness, and procedural objections, to the administrative proceeding
19 that will be instituted when the Judgment is entered.

20 16. Defendants agree that the Commission may present the Judgment to the
21 Court for signature and entry without further notice.

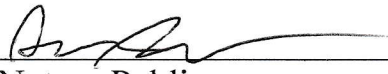
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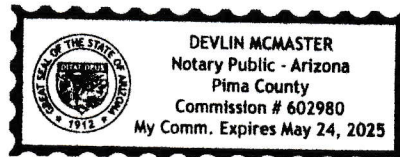
1 17. Defendants agree that this Court shall retain jurisdiction over this matter
2 for the purpose of enforcing the terms of the Judgment.

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5 Dated: September 27, 2021

6 
7 Charles Lloyd, in his individual capacity
8 and as Manager Member of Lloyd
9 Marketing, LLC

10 On 28 September, 2021, Charles Lloyd, a person
11 known to me, personally appeared before me and acknowledged executing the
12 foregoing Consent.

13 
14 Notary Public
15 Commission expires: 05/24/25



PROOF OF SERVICE

I am over the age of 18 years and not a party to this action. My business address is:

U.S. SECURITIES AND EXCHANGE COMMISSION,
444 S. Flower Street, Suite 900, Los Angeles, California 90071
Telephone No. (323) 965-3998; Facsimile No. (213) 443-1904.

On November 3, 2021, I caused to be served the document entitled **CONSENT OF DEFENDANTS CHARLES LLOYD AND LLOYD MARKETING, LLC** on all the parties to this action addressed as stated on the attached service list:

OFFICE MAIL: By placing in sealed envelope(s), which I placed for collection and mailing today following ordinary business practices. I am readily familiar with this agency’s practice for collection and processing of correspondence for mailing; such correspondence would be deposited with the U.S. Postal Service on the same day in the ordinary course of business.

PERSONAL DEPOSIT IN MAIL: By placing in sealed envelope(s), which I personally deposited with the U.S. Postal Service. Each such envelope was deposited with the U.S. Postal Service at Los Angeles, California, with first class postage thereon fully prepaid.

EXPRESS U.S. MAIL: Each such envelope was deposited in a facility regularly maintained at the U.S. Postal Service for receipt of Express Mail at Los Angeles, California, with Express Mail postage paid.

HAND DELIVERY: I caused to be hand delivered each such envelope to the office of the addressee as stated on the attached service list.

UNITED PARCEL SERVICE: By placing in sealed envelope(s) designated by United Parcel Service (“UPS”) with delivery fees paid or provided for, which I deposited in a facility regularly maintained by UPS or delivered to a UPS courier, at Los Angeles, California.

ELECTRONIC MAIL: By transmitting the document by electronic mail to the electronic mail address as stated on the attached service list.

E-FILING: By causing the document to be electronically filed via the Court’s CM/ECF system, which effects electronic service on counsel who are registered with the CM/ECF system.

FAX: By transmitting the document by facsimile transmission. The transmission was reported as complete and without error.

I declare under penalty of perjury that the foregoing is true and correct.

Date: November 3, 2021

/s/ Donald W. Searles

Donald W. Searles

1 ***SEC v. Anthony Todd Johnson (aka Todd Johnson), et al.***
2 **United States District Court—Central District of California**
3 **Case No. 5:20-cv-01493-MCS-SHK**

3 **SERVICE LIST**

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10 Mark Heckeles
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12 ***Pro Se Defendant***