

JS-6

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION

United States of America,

Plaintiff,

vs.

Kenneth Elliott, d/b/a KAE Insurance
Services, Inc., Vista Barranca, Inc.,
and KAE Consulting; Sea Nine
Associates, Inc., and Ramesh Sarva,

Defendants.

) Case No. SACV 13-1582-JLS (JPRx)

)
)
) **DEFAULT JUDGMENT AND**
) **PERMANENT INJUNCTION**
) **AGAINST SEA NINE**
) **ASSOCIATES, INC.**

1 This matter comes before the Court on the United States' Motion for Default
2 Judgment and Permanent Injunction against Defendant Sea Nine Associates, Inc.
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4 Having reviewed the record in this case, the Court GRANTS the United States'
5 Motion. Accordingly, IT IS ORDERED that:

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7 1. This Court has personal jurisdiction over Sea Nine Associates, Inc.
8 pursuant to 28 U.S.C. §§ 1340 and 1345, and subject-matter jurisdiction pursuant
9 to 26 U.S.C. §§ 7402(a) and 7408(a).

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11 2. This Default Judgment of Permanent Injunction constitutes a final
12 judgment against Sea Nine Associates, Inc. in this matter.

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14 3. The Court has jurisdiction over this matter for the purposes of
15 implementing and enforcing the Default Judgment of Permanent Injunction.

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17 4. Entry of this Default Judgment of Permanent Injunction resolves only the
18 claims asserted against Sea Nine Associates, Inc. in this civil injunction action, and
19 neither precludes the United States from pursuing any other current or future civil
20 or criminal matters or proceedings against Sea Nine Associates, Inc., nor precludes
21 Sea Nine Associates, Inc. from contesting its liability in any matter or proceeding.

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23 5. Pursuant to 26 U.S.C. §§ 7402 and 7408, Sea Nine Associates, Inc. is
24 permanently barred from directly or indirectly:

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26 a. Promoting, administering, managing, marketing, or selling any
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28 version of the VEBA plans that it has ever operated or administered;

1 b. Promoting, marketing, or selling any plan or arrangement that is
2 similar to the VEBA plans that it has ever operated or administered;

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4 c. Promoting, marketing, or selling any plan or arrangement that claims
5 to be a welfare benefit plan or claims to allow an employer to make
6 deductible contributions to a welfare benefit fund under 26 U.S.C.
7 § 419 and/or 26 U.S.C. § 419A;

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9 d. Aiding or assisting in, procuring, or advising with respect to, the
10 preparation or presentation of any portion of a document in which
11 taxpayers claim deductions reflecting their contributions to any
12 version of the VEBA plans operated or administered by Sea Nine (or
13 any similar plan or arrangement) based on the belief that such plans
14 comply with the internal revenue laws comply with 26 U.S.C. § 419
15 and/or 26 U.S.C. § 419A.
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19 6. The United States may take post-judgment discovery to monitor
20 compliance with the injunction.
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22 7. Sea Nine Associates, Inc. shall not make any statements, written or
23 verbal, or cause or encourage others to make any statements, written or verbal, that
24 misrepresent any of the terms of this injunction.
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1 8. Pursuant to Rule 65(d)(2) of the Federal Rules of Civil Procedure, this
2 order binds the following who receive actual notice of it by personal service or
3 otherwise:
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- 5 a. the defendant, Sea Nine Associates, Inc.;
- 6 b. Sea Nine Associates, Inc.’s officers, agents, servants, employees, and
7 attorneys; and
- 8 c. other persons who are in active concert or participation with anyone
9 described in (a) or (b) above.
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12 9. Issues relating to the termination of the VEBA plans operated or
13 administered by Sea Nine Associates, Inc. (including any distribution of trust
14 assets) will be resolved in the related proceeding *Comerica Bank v. Sea Nine*
15 *Assoc., Inc., et al.*, Case No. SACV 14-186-JLS (JPRx) (Staton, J.), and nothing in
16 this Default Judgment of Permanent Injunction shall be construed to prevent Sea
17 Nine Associates, Inc. from complying with any Court order in that proceeding.
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21 **IT IS SO ORDERED.**

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23 Date: September 3, 2014

24 JOSEPHINE L. STATON
25 JOSEPHINE L. STATON
26 UNITED STATES DISTRICT JUDGE
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