

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

**UNITED STATES SECURITIES AND
EXCHANGE COMMISSION,**

Plaintiff,

v.

**THE HEARTLAND GROUP
VENTURES, LLC, *et al.*,**

Defendants.

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Civil Action No. 4:21-cv-01310-O-BP

FINAL JUDGMENT AS TO DEFENDANT JAMES IKEY

Before the Court is Plaintiff United States Securities and Exchange Commission’s Unopposed Motion for Entry of Agreed Final Judgements as to Defendant James Ikey filed on February 27, 2025. ECF No. 689. The Securities and Exchange Commission having filed a Complaint and Defendant James Ikey having entered a general appearance; consented to the Court’s jurisdiction over Defendant and the subject matter of this action; consented to entry of this Final Judgment without admitting or denying the allegations of the Complaint (except as to jurisdiction and except as otherwise provided herein in paragraph IX); waived findings of fact and conclusions of law; and waived any right to appeal from this Final Judgment:

I.

IT IS HEREBY **ORDERED, ADJUDGED, AND DECREED** that Defendant Ikey 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.

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

II.

IT IS HEREBY FURTHER **ORDERED, ADJUDGED, AND DECREED** that Defendant Ikey is permanently restrained and enjoined from violating Section 17(a) of the Securities Act of 1933 (the "Securities Act") [15 U.S.C. § 77q(a)] in the offer or sale of any security by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

- (a) to employ any device, scheme, or artifice to defraud;
- (b) to obtain money or property by means of any untrue statement of a material fact or any omission of a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or

- (c) to engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

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

III.

IT IS HEREBY FURTHER **ORDERED, ADJUDGED, AND DECREED** that Defendant Ikey is permanently restrained and enjoined from violating Section 5 of the Securities Act [15 U.S.C. § 77e] by, directly or indirectly, in the absence of any applicable exemption:

- (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 offer to buy through the use or medium of any prospectus or otherwise 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 Ikey's officers, agents, servants, employees, and attorneys; and (b) other persons in active concert or participation with Defendant Ikey or with anyone described in (a).

IV.

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 Ikey is permanently restrained and enjoined from directly or indirectly, including, but not limited to, through any entity owned or controlled by Defendant Ikey, participating in the issuance, purchase, offer, or sale of any security related to the production, exploration, extraction, purchase, or sale of oil or gas, provided, however, that such injunction shall not prevent Defendant Ikey from purchasing or selling securities listed on a national securities exchange for Defendant Ikey's own, personal account.

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

V.

IT IS FURTHER **ORDERED, ADJUDGED, AND DECREED** that, pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)] and Section 20(e) of the Securities Act [15 U.S.C. § 77t(e)], Defendant Ikey is permanently prohibited from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15

U.S.C. § 78l] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

VI.

IT IS HEREBY FURTHER **ORDERED, ADJUDGED, AND DECREED** that:

- (a) Defendant Ikey is solely liable for disgorgement of \$65,977.14, representing net profits gained as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$338.85, for a total of \$66,315.99;
- (b) Defendant Ikey is jointly and severally liable with Relief Defendant Encypher Bastion, LLC (“Encypher Bastion”) for disgorgement of \$900,000.00, representing net profits gained as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$32,595.81, for a total of \$932,595.81, of which amount Relief Defendant IGroup Enterprises is jointly and several liable with Defendant Ikey and Relief Defendant Encypher Bastion for disgorgement of \$71,500.00, together with prejudgment interest thereon in the amount of \$3,054.53, for a total of \$74,554.53;
- (c) Defendant Ikey’s and Relief Defendant IGroup Enterprises’ liability for the disgorgement plus prejudgment interest discussed above in paragraph IV(b) is reduced by the \$50,847.43 collected by the Court-appointed Receiver, Deborah Williamson (the “Receiver”) from Relief Defendant Encypher Bastion, with Relief Defendant Encypher Bastion’s liability for disgorgement and prejudgment interest deemed satisfied by the amount collected from it by the Receiver; and
- (d) Defendant Ikey is solely liable for a civil penalty in the amount of \$230,464.00 pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)].

Defendant Ikey shall satisfy these disgorgement, prejudgment interest and civil penalty obligations by paying \$1,178,528.37 to the Receiver within 30 days after entry of this Final Judgment. Relief Defendant IGroup Enterprises is jointly and severally liable to pay \$23,707.10 of this amount.

Defendant Ikey acknowledges that all sums paid in satisfaction of the Final Judgment entered in this matter, including disgorgement, prejudgment interest, and civil penalties, shall be delivered or mailed to the Receiver, and shall be transmitted to Deborah Williamson, Dykema Gossett PLLC, 112 E. Pecan Street, Suite 1800, San Antonio, TX 78205, under cover of a letter that identifies the Defendant, the name and case number of this litigation, and the Court. Copies of this cover letter and the means of payment shall be simultaneously transmitted to counsel for the Commission in this action. The Receiver shall hold the funds, together with any interest and income earned thereon (collectively, the “Fund”), pending further order of the Court. Should the Receiver be discharged by the Court before Defendant Ikey has paid all amounts required of Defendant Ikey pursuant to the Final Judgment, the payment of the remaining amounts shall be made to the Commission.

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

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 violation of any Court orders issued

in this action. Defendant Ikey shall pay post judgment interest on any amounts due after 30 days of the entry of this Final Judgment pursuant to 28 U.S.C. § 1961.

The Receiver or 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 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 Ikey shall not, after offset or reduction of any award of compensatory damages in any Related Investor Action based on Defendant Ikey's payment of disgorgement in this action, argue that Defendant Ikey is entitled to, nor shall Defendant Ikey further benefit by, offset or reduction of such compensatory damages award by the amount of any part of Defendant Ikey'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 Ikey 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 Receiver, 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 Ikey by or on behalf of one or more investors based on substantially the same facts as alleged in the Complaint in this action.

VII.

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

VIII.

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 Ikey, and further, any debt for disgorgement, prejudgment interest, civil penalty or other amounts due by Defendant Ikey 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 Ikey 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).

IX.

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

X.

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.

SO ORDERED on March 3, 2025.


Reed O'Connor
UNITED STATES DISTRICT JUDGE