

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF MISSISSIPPI  
NORTHERN DIVISION**

**SECURITIES AND EXCHANGE  
COMMISSION,**

**Plaintiff,**

**v.**

**MICHAEL DOUGLAS BILLINGS  
AND MDB GROUP, LLC,**

**Defendants,**

**Case No. 3:20-cv-50-CWR-FKB**

**SEC’S MEMORANDUM IN SUPPORT OF ITS MOTION  
FOR ENTRY OF PROPOSED JUDGMENTS**

Plaintiff Securities and Exchange Commission (“SEC”) respectfully files this Memorandum in Support of its Motion for Entry of Proposed Judgments Against Defendants Michael Douglas Billings (“Billings”) and MDB Group, LLC (“MDB Group”) (collectively, “Defendants”).

This case arises from the same facts before the Court in SEC v. Arthur Lamar Adams and Madison Timber Properties, LLC, Case No. 3:18-cv-252-CWR-FKB (S.D. Miss.). As set forth in the Complaint, Defendants Billings and MDB Group sold investments in Madison Timber. In anticipation of the filing of this action, the

parties engaged in settlement discussions and reached an agreement. This motion asks the Court to finalize the SEC's settlement with the Defendants by entering the Judgments that correspond with the Consent documents executed by Defendants. The SEC and the Defendants have agreed to all the terms set forth in the settlement documents.

### **PROPOSED SETTLEMENT WITH BILLINGS AND MDB GROUP**

Specifically, Defendants consent to permanent injunctions against violations of Section 5 of the Securities Act of 1933 (the "Securities Act") [15 U.S.C. § 77e], and Section 15(a) of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. § 78o(a)]. Section 20(b) of the Securities Act and Section 21(d)(1) of the Exchange Act provide that the SEC may seek, and the Court may grant, a permanent injunction against violations of the federal securities laws. See 15 U.S.C. §§ 77t(b) and 78u(d)(1).

In addition, Defendants agree that the Court shall order disgorgement of ill-gotten gains, prejudgment interest thereon, and a civil penalty 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)]. Defendants further agree that the amounts of the disgorgement and civil penalty shall be determined by the Court upon motion of the SEC, and that prejudgment interest shall be calculated from April 17, 2018.

Defendants also consent to the following in connection with the SEC's motion for disgorgement and/or civil penalties, and at any hearing held on such a motion: (a)

Defendants will be precluded from arguing that they did not violate the federal securities laws as alleged in the Complaint; (b) Defendants may not challenge the validity of the Consents or the Judgments; (c) solely for the purposes of such motion, the allegations of the Complaint shall be accepted as and deemed true by the Court; and (d) the Court may determine the issues raised in the motion on the basis of affidavits, declarations, excerpts of sworn deposition or investigative testimony, and documentary evidence, without regard to the standards for summary judgment contained in Rule 56(c) of the Federal Rules of Civil Procedure.

The remaining substantive terms are set forth in the Consents and Judgments. Those items relate to, among other things, Defendants' obligations with respect to compliance as well as their waiver of certain procedural rights.

### **CONCLUSION**

Based on the foregoing, the SEC respectfully requests that the Court enter the proposed Judgments consented to by Billings and MDB Group.

Dated this 3rd day of March, 2020.

Respectfully submitted,

/s/W. Shawn Murnahan

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**CERTIFICATE OF SERVICE**

I hereby certify that on this day, I filed the foregoing SEC's Memorandum in Support of its Motion for Entry of Proposed Judgments via the Court's ECF system, which will provide copies to all counsel of record. I also certify that I have separately emailed a copy of the foregoing to:

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Dated this 3rd day of March, 2020.

Respectfully submitted,

/s/ W. Shawn Murnahan  
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