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IN THE UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

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SECURITIES AND EXCHANGE COMMISSION, :

Plaintiff, :

v. :

SECURITY ASSET CAPITAL CORPORATION, :

Defendants. :

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Civil Action No.: 04-CV-683  
Hon. Legrome D. Davis

(Electronically Filed)

**FILED**

JUN 11 2007

MICHAEL E. KUNZ, Clerk  
By \_\_\_\_\_ Dep. Clerk

**FINAL JUDGMENT ON DEFAULT AND ORDER OF  
PERMANENT INJUNCTION AND OTHER RELIEF  
AS TO DEFENDANT RICHARD C. WALLACE**

Plaintiff Securities and Exchange Commission ("Commission"), having moved for judgment on default and for the entry of an order of permanent injunction and other relief against defendant Richard C. Wallace; and

It further appearing that there is no just reason for delay and that there is sufficient basis herein for the entry of this Final Judgment;

**IT IS HEREBY ORDERED THAT:**

I.

**PLAINTIFF COMMISSION'S MOTION IS HEREBY GRANTED**, and judgment by default is hereby entered against Defendant Richard C. Wallace.

II.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Defendant Richard C. Wallace, and Defendant's agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §77q(a)] in the offer or sale of any security by using any means or instruments of transportation or communication in interstate commerce, or the mails, directly or indirectly, singly or in concert, to:

- (a) employ any device, scheme or artifice to defraud; or
- (b) obtain money or property by means of any untrue statement of a material fact or any omission 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) engage in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

III.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Defendant Richard C. Wallace, and Defendant's agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §78j(b)], and Rule 10b-5 thereunder [17 C.F.R. 240.10b-5] by directly or

indirectly, singly or in concert, in connection with the purchase or sale of any security, using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, to:

- (a) employ any device, scheme or artifice to defraud; or
- (b) 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) engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

IV.

**IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED** that Defendant Richard C. Wallace, and Defendant's agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are 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].


V.

**BY THIS ORDER**, this Court acknowledges the Commission's voluntary withdrawal of its claims for disgorgement, prejudgment interest, and a civil penalty against Defendant Richard C. Wallace, in light of sanctions imposed against this Defendant in criminal proceedings based largely upon the same conduct as that charged herein, thereby rendering unnecessary any further consideration of these issues by this Court.

VI.

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

BY THE COURT:



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The Honorable Legrome D. Davis  
United States District Court Judge

6/11/07