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RICHARD W. WIEKING
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

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SEP 18 2002

RICHARD W. WIEKING
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

DONNE CORPORATION, SHERMAN
S. SMITH, SHAWN SMITH, and BRUCE
ANDERSON,

Defendants.

Civil Action No. *02-42385*

~~PROPOSED~~ FINAL
JUDGMENT OF
PERMANENT INJUNCTION
AND OTHER RELIEF
AGAINST DEFENDANT
BRUCE ANDERSON

Plaintiff Securities and Exchange Commission ("Commission"), having filed and served upon Defendant Bruce Anderson ("Anderson") a Summons and Complaint in this action; Anderson having admitted service upon him of the Summons and Complaint in this action and the jurisdiction of this Court over him and over the subject matter of this action; Anderson having been fully advised and informed of his right to a judicial determination of this matter; Anderson having waived the entry of findings of fact and conclusions of law as provided by Rule 52 of the Federal Rules of Civil Procedure; Anderson having consented to the entry of this Final Judgment Of Permanent Injunction And Other Relief Against Defendant

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1 Bruce Anderson ("Final Judgment"), without admitting or denying the allegations in
 2 the Complaint, except as specifically set forth in the Consent Of Defendant Bruce
 3 Anderson To Entry Of Final Judgment Of Permanent Injunction And Other Relief
 4 ("Consent"); no notice of hearing upon the entry of this Final Judgment being
 5 necessary; and this Court being fully advised:

6 I.

7 IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Defendant
 8 Anderson and his agents, servants, employees, attorneys, and all persons in active
 9 concert or participation with any of them, who receive actual notice of this Final
 10 Judgment, by personal service or otherwise, and each of them, are permanently
 11 restrained and enjoined from, directly or indirectly:

- 12 A. making use of any means or instruments of transportation or
 13 communication in interstate commerce or of the mails to sell any
 14 securities, through the use or medium of any prospectus or otherwise,
 15 unless a registration statement is in effect as to such securities;
- 16 B. carrying or causing to be carried through the mails or in interstate
 17 commerce, by any means or instruments of transportation, for the
 18 purpose of sale or for delivery after sale, any securities, unless a
 19 registration statement is in effect as to such securities; and
- 20 C. making use of any means or instruments of transportation or
 21 communication in interstate commerce or of the mails to offer to sell
 22 or offer to buy, through the use or medium of any prospectus or
 23 otherwise, any securities, unless a registration statement has been filed
 24 with the Commission as to such securities, or while the registration
 25 statement is the subject of a refusal order or stop order or (prior to the
 26 effective date of the registration statement) any public proceeding or
 27 examination under Section 8 of the Securities Act of 1933 (the
 28 "Securities Act"), 15 U.S.C. § 77h;

1 in violation of Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) &
2 77e(c); provided, however, that nothing in this Final Judgment shall apply to any
3 security or transaction which is exempt from the provisions of Section 5 of the
4 Securities Act, 15 U.S.C. § 77e.

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6 **II.**

7 **IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that
8 Defendant Anderson and his officers, agents, servants, employees, attorneys, and
9 all persons in active concert or participation with any of them, who receive actual
10 notice of this Final Judgment, by personal service or otherwise, and each of them,
11 are permanently restrained and enjoined from, directly or indirectly, in the offer or
12 sale of the securities of any issuer, by the use of any means or instruments of
13 transportation or communication in interstate commerce or by the use of the mails:

- 14 A. employing any device, scheme or artifice to defraud;
15 B. obtaining money or property by means of any untrue statement of a
16 material fact or any omission to state a material fact necessary in order
17 to make the statements made, in the light of the circumstances under
18 which they were made, not misleading; or
19 C. engaging in any transaction, practice, or course of business which
20 operates or would operate as a fraud or deceit upon the purchaser;

21 in violation of Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a).

22 **III.**

23 **IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that
24 Anderson and his officers, agents, servants, employees and attorneys, and all
25 persons in active concert or participation with any of them, who receive actual
26 notice of this Final Judgment by personal service or otherwise, and each of them,
27 are permanently restrained and enjoined from, directly or indirectly, in connection
28 with the purchase or sale of any security, by the use of any means or instrumentality
of interstate commerce, or of the mails, or of any facility of any national securities

1 exchange:

- 2 A. employing any device, scheme, or artifice to defraud;
 - 3 B. making any untrue statement of a material fact or omitting to state a
 - 4 material fact necessary in order to make the statements made, in the
 - 5 light of the circumstances under which they were made, not
 - 6 misleading; or
 - 7 C. engaging in any act, practice, or course of business which operates or
 - 8 would operate as a fraud or deceit upon any person;
- 9 in violation of Section 10(b) of the Securities Exchange Act of 1934 ("Exchange
10 Act"), 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5.

11 IV.

12 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that

13 Anderson is assessed, and shall pay to the Commission for delivery to the United
14 States Treasury, civil penalties in the amount of \$10,000, plus postjudgment
15 interest, pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and
16 Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78(d)(3). Anderson shall pay
17 \$10,000 in civil penalties, plus postjudgment interest, pursuant to a two-year
18 payment plan, based upon his sworn representations in his Statement of Financial
19 Condition dated July 12, 2002, and other documents submitted to the Commission.
20 Anderson shall make quarterly installments of \$1,250, plus postjudgment interest on
21 each quarterly payment, beginning ninety (90) days after the entry of this Final
22 Judgment. Each payment shall be made by cashier's check, certified check or
23 postal money order, payable to the United States Treasury, and shall be transmitted
24 to the Comptroller, Securities and Exchange Commission, Operations Center, 6432
25 General Green Way, Stop 0-3, Alexandria, Virginia 22312, under cover of a letter
26 which identifies the defendant, the name and case number of this litigation, and the
27 name of the Court. A copy of each cover letter shall be simultaneously transmitted
28 to counsel for the Commission at its Los Angeles office, located at 5670 Wilshire

1 Boulevard, 11th Floor, Los Angeles, California 90036.

2 The determination to assess civil penalties of \$10,000 and to permit
3 Anderson to satisfy this penalty assessment over two years is contingent upon the
4 accuracy and completeness of Anderson's Statement of Financial Condition dated
5 July 12, 2002, and other documents submitted to the Commission. If at any time
6 following the entry of this Final Judgment the Commission obtains information
7 indicating that Anderson's representations to the Commission concerning his
8 assets, income, liabilities or net worth were fraudulent, misleading, inaccurate, or
9 incomplete in any material respect as of the time such representations were made,
10 the Commission may, at its sole discretion and without prior notice to Anderson,
11 petition this Court for an order modifying this Final Judgment to require Anderson
12 to pay immediately the outstanding amounts of civil monetary penalties. In
13 connection with any such petition, the only issues shall be (1) whether the financial
14 information provided by Anderson was fraudulent, misleading, inaccurate or
15 incomplete in any material respect as of the time such representations were made,
16 and (2) the outstanding amounts of civil penalties to be paid. In its petition, the
17 Commission may move this Court to consider all available remedies, including, but
18 not limited to, ordering Anderson to pay funds or to surrender any assets, or
19 imposing sanctions on Anderson for contempt of this Final Judgment. The
20 Commission may also obtain additional discovery in connection with its petition.
21 Anderson may not, by way of defense to such petition, challenge the validity of his
22 Consent or this Final Judgment, contest the allegations in the Complaint filed by the
23 Commission, or argue that he is not liable for the payment of civil penalties because
24 he did not violate Sections 5(a), 5(c), and 17(a) of the Securities Act, 15 U.S.C. §§
25 77e(a), 77e(c) & 77q(a), Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), or
26 Rule 10b-5, 17 C.F.R. § 240.10b-5.

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V.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Anderson shall pay disgorgement in the amount of \$5,000. Anderson shall pay this disgorgement within thirty (30) days of entry of this Final Judgment by cashier's check, certified check or postal money order, which shall be made payable to the Securities and Exchange Commission, United States Treasury, and transmitted to the Comptroller, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3, Alexandria, Virginia 22312, under cover of a letter which identifies the defendant, the name and case number of this litigation, and the name of the Court. A copy of each cover letter shall be simultancously transmitted to counsel for the Commission at its Los Angeles office, located at 5670 Wilshire Boulevard, 11th Floor, Los Angeles, California 90036.

VI.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the provisions of the Consent filed concurrently with this Final Judgment are incorporated herein with the same force and effect as if fully set forth herein, and that Anderson shall comply with the Consent.

VII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court shall retain jurisdiction over this action for all purposes, including to determine the liability of any remaining defendants in this action, to implement, enforce and carry out the terms of this Final Judgment and other orders and decrees that may be entered, and to grant such other relief as this Court may deem necessary and just.

VIII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that during the pendency of this action against any defendant, Anderson shall remain subject to the discovery provisions of the Federal Rules of Civil Procedure which apply to

1 parties, and, in addition, that Anderson agrees and undertakes, without service of a
 2 subpoena, to appear for his deposition or to testify as a witness at any trial of this
 3 action or at any related proceeding. Failure to comply with the foregoing will
 4 subject Defendant Anderson to the remedies and sanctions set forth in Rule 37 of
 5 the Federal Rules of Civil Procedure and all other available remedies.

6 IX.

7 There being no just reason for delay, the Clerk of the Court is hereby
 8 directed, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, to enter
 9 this Final Judgment.

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12 DATED: 9/12/02

SAMUEL CONTI

UNITED STATES DISTRICT JUDGE

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14 Submitted by:

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 Jose F. Sanchez
 Attorney for Plaintiff
 Securities and Exchange Commission

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Approved as to form and content:

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 Bruce Anderson
 In Pro Per

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