

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF TEXAS

Securities and Exchange Commission, §

Plaintiff §

v. §

Civil Action No. H-04-CV-2799 §

Carl R. Rose, Marvin M. Barnwell, §

George J. Cannan, Sr., §

George J. Cannan, Jr., §

Earl Shawn Casias, §

Hector J. Garcia, §

David A. Keener, Charles H. Leaver, §

and, Harris D. Ballow §

Defendants §

FINAL JUDGMENT AS TO DEFENDANT GEORGE J. CANNAN, SR.

The Securities and Exchange Commission having filed a Complaint and Defendant George J. Cannan, Sr. 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); 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 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, 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.

II.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant 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 [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.

III.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant 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].

IV.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant 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 13(d)(1) of the Exchange Act and Rules 13d-1 and 13d-2 promulgated thereunder [15 U.S.C. § 78m(d)(1) and 17 C.F.R. §§ 240.13d-1 and 13d-2] in acquiring or otherwise becoming, directly or indirectly, beneficial owners of more than 5 per cent of the outstanding common stock of a security registered with the Commission pursuant to Section 12 of the Exchange Act; and failing to timely send to the issuer of the security and any exchange where the common stock is traded and to file with the Commission a statement containing the information required by Schedule 13D or 13G concerning their ownership of common stock, and failing to make amendments to those schedules when material changes occur in the facts that required the initial filings.

V.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant 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 16(a)

of the Exchange Act and Rule 16a-3 promulgated thereunder [15 U.S.C. § 78p(a) and 17 C.F.R. § 240.16a-3] in acquiring or otherwise becoming, directly or indirectly, beneficial owners of more than 10 per cent of the outstanding common stock of a security registered with the Commission pursuant to Section 12 of the Exchange Act; and failing to timely file with the Commission a statement of the amount of all equity securities of which they are the beneficial owner, and failing to timely file statements indicating changes in such beneficial ownership of common stock.

VI.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant 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 Rule 101 of Regulation M [17 C.F.R. § 242.101] promulgated under the Exchange Act by directly or indirectly, by use of the means or instrumentalities of interstate commerce, or of the mails, in connection with the distribution of securities, for which they are distribution participants, bid for, purchase, or attempt to induce another person to bid for or purchase, such securities during the restricted periods before they complete their distribution participations.

VII.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant 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 aiding and abetting any

violation of Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] by knowingly providing substantial assistance to an issuer in making material false and misleading statements in annual reports on Form 10-K and current reports on Form 8-K filed with the Commission, and in failing to include in such reports material information necessary to make the statements, in the light of the circumstances under which they were made, not misleading.

VIII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, pursuant to Section 20(e) of the Securities Act and Section 21(d)(2) of the Exchange Act [15 U.S.C. §§ 78u(e) and 78u(d)(2)], Defendant is prohibited, for five years following the date of entry of this Final Judgment, 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. § 78j] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

IX.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant shall pay a civil penalty in the amount of \$75,000 pursuant to Section 20(d) of the Securities Act and Section 21(d)(3) of the Exchange Act. Defendant shall make this payment pursuant to the terms of the payment schedule set forth in paragraph XI below after entry of this Final Judgment by certified check, bank cashier's check, or United States postal money order payable to the Securities and Exchange Commission. The payment shall be delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Mail Stop 0-3, Alexandria, Virginia 22312, and shall be accompanied by a letter identifying George J. Cannan, Sr. as a defendant in

this action; setting forth the title and civil action number of this action and the name of this Court; and specifying that payment is made pursuant to this Final Judgment. Defendant shall pay post-judgment interest on any delinquent amounts pursuant to 28 USC § 1961.¹ The claim by the Commission for disgorgement is dismissed.

X.

George J. Cannan, Sr. shall pay \$75,000.00 according to the following schedule: (1) \$25,000.00, within 5 days of entry of this Final Judgment; (2) \$25,818.55.00 within 6 months of this Final Judgment which includes post-judgment interest pursuant to 28 U.S.C. § 1961 of \$818.55; and (3) \$25,818.55 within 12 months of this Final Judgment which includes post-judgment interest pursuant to 28 U.S.C. § 1961 of \$818.55.

If George J. Cannan, Sr. fails to make any payment by the date agreed and/or in the amount agreed according to the schedule set forth above, all outstanding payments under this Final Judgment, including post-judgment interest, minus any payments made, shall become due and payable immediately without further application to the Court.

¹ Defendant shall pay interest at a rate of 4.35 percent compounded annually which is based upon the weekly average 1-year constant maturity Treasury yield, as published by the Board of Governors of the Federal Reserve System, for the calendar week ending December 12, 2005.

XI.

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 shall comply with all of the undertakings and agreements set forth therein.

XII.

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.

XIII.

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.

Dated: 19 June, 2006

Keith P. E. [Signature]
UNITED STATES DISTRICT JUDGE