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CENTRAL DISTRICT OF CALIFORNIA  
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UNITED STATES DISTRICT COURT  
FOR THE CENTRAL DISTRICT OF CALIFORNIA

*CV*  
04-07435 JSL

SECURITIES AND EXCHANGE  
COMMISSION,

Civil Action No.

Plaintiff,

**FINAL JUDGMENT OF  
PERMANENT INJUNCTION AND  
OTHER RELIEF AGAINST  
DEFENDANT GREGORY  
ANTONIONO**

vs.

CLAYTON CHAN, et al.,

Defendant.

**FRIOX**

Plaintiff Securities and Exchange Commission ("Commission"), having filed and served upon Defendant Gregory Antoniono ("Antoniono") a Summons and Complaint in this action; Antoniono 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; having been fully advised and informed of his right to a judicial determination of this matter; having waived the entry of findings of fact and conclusions of law as provided by Rule 52 of the Federal Rules of Civil Procedure; having consented to the entry of this Final Judgment Of Permanent Injunction And Other Relief Against Gregory Antoniono ("Final Judgment") without admitting or denying the allegations in the Complaint, except as specifically set forth in the Consent Of Gregory Antoniono To Entry Of Final

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1 Judgment Of Permanent Injunction And Other Relief (“Consent”); no notice of  
2 hearing upon the entry of this Final Judgment being necessary; and this Court  
3 being fully advised:

4 I.

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

12 employing any device, scheme or artifice to defraud;

13 A. obtaining money or property by means of any untrue statement of a  
14 material fact or any omission to state a material fact necessary in  
15 order to make the statements made, in the light of the circumstances  
16 under which they were made, not misleading; or

17 B. engaging in any transaction, practice, or course of business which  
18 operates or would operate as a fraud or deceit upon the purchaser;  
19 in violation of Section 17(a) of the Securities Act of 1933, 15 U.S.C. § 77q(a).

20 II.

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

- 3 A. employing any device, scheme, or artifice to defraud;
- 4 B. making any untrue statement of a material fact or omitting to state a  
5 material fact necessary in order to make the statements made, in the  
6 light of the circumstances under which they were made, not  
7 misleading; or
- 8 C. engaging in any act, practice, or course of business which operates or  
9 would operate as a fraud or deceit upon any person;

10 in violation of Section 10(b) of the Securities Exchange Act of 1934, 15 U.S.C.  
11 § 78j(b) (the "Exchange Act"), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

12 III.

13 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that  
14 Antoniono and his agents, servants, employees and attorneys, and all persons in  
15 active concert or participation with any of them, who receive actual notice of this  
16 Final Judgment, by personal service or otherwise, and each of them, are  
17 permanently restrained and enjoined from, directly, or indirectly, by the use of any  
18 means or instrumentality of interstate commerce or of the mails, or of any facility  
19 of any national securities exchange:

- 20 A. causing the failure to devise and maintain a system of internal  
21 accounting controls sufficient to provide reasonable assurances that  
22 financial statements are prepared in conformity with Generally  
23 Accepted Accounting Principles;
- 24 B. falsifying or causing to be falsified books, records or accounts subject  
25 to Section 13(b)(2)(A) of the Exchange Act;
- 26 C. making or causing to be made, or causing another person to omit or  
27 state, a materially false or misleading statement, or omitting to state a  
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1 material fact in order to make statements made, in light of the  
 2 circumstances under which such statements were made, not  
 3 misleading to an accountant in connection with (1) an audit or  
 4 examination of financial statements required to be made pursuant to  
 5 the Exchange Act regulations, or (2) the preparation or filing of  
 6 reports or documents required to be filed with the Commission  
 7 pursuant to Exchange Act regulations or otherwise;  
 8 in violation of Section 13(b)(5) of the Exchange Act, 15 U.S.C., § 78m(b)(5), and  
 9 Rules 13b2-1 and 13b2-2 thereunder, 17 C.F.R. §§ 240.13b2-1 and 240.13b2-2.

10 IV.

11 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that  
 12 Antoniono and his agents, servants, employees and attorneys and all persons in  
 13 active concert or participation with any of them, who receive actual notice of this  
 14 Final Judgment, by personal service or otherwise, and each of them, are  
 15 permanently restrained and enjoined from, directly or indirectly:

16 causing the filing of a required periodic report with the Commission  
 17 containing any untrue statement of material fact or omitting to state a  
 18 material fact required to be stated or necessary in order to make the  
 19 statements made, in light of the circumstances under which they were  
 20 made, not misleading;

21 in violation of Section 13(a) of the Exchange Act, 15 U.S.C. § 78m(a), and Rules  
 22 12b-20 and 13a-13 thereunder, 17 C.F.R. §§ 240.12b-20 and 240.13a-13.

23 V.

24 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that  
 25 Antoniono and his agents, servants, employees and attorneys, and all persons in  
 26 active concert or participation with any of them, who receive actual notice of this  
 27 Final Judgment, by personal service or otherwise, and each of them, are  
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1 permanently restrained and enjoined from, directly, or indirectly, by the use of any  
2 means or instrumentality of interstate commerce or of the mails, or of any facility  
3 of any national securities exchange:

4 causing the failure to make and keep accurate books, records, and  
5 accounts which, in reasonable detail, accurately and fairly reflect  
6 financial transactions and disposition of assets;

7 in violation of Section 13(b)(2)(A) of the Exchange Act, 15 U.S.C.  
8 § 78m(b)(2)(A).

9 VI.

10 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that  
11 Antoniono is liable for disgorgement of \$69,013, representing profits gained as a  
12 result of the conduct alleged in the Complaint, together with prejudgment interest  
13 thereon in the amount of \$4,834, and a civil penalty in the amount of \$25,000  
14 pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d) and Section  
15 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3). Antoniono shall satisfy this  
16 obligation by paying \$98,847 within one year of the entry of this Final Judgment  
17 to the Clerk of this Court, together with a cover letter identifying his name as a  
18 defendant in this action; setting forth the title and civil action number of this  
19 action and the name of this Court; and specifying that payment is made pursuant to  
20 this Final Judgment. Antoniono shall simultaneously transmit photocopies of such  
21 payment and letter to the counsel for the Commission at its Los Angeles office  
22 located at 5670 Wilshire Boulevard, 11<sup>th</sup> floor, Los Angeles, California 90036. By  
23 making this payment, Antoniono relinquishes all legal and equitable right, title,  
24 and interest in such funds, and no part of the funds shall be returned to Antoniono.

25 The Clerk shall deposit the funds into an interest bearing account. These  
26 funds, together with any interest and income earned thereon (collectively, the  
27 "Fund"), shall be held until further order of the Court. In accordance with the  
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1 guidelines set by the Director of the Administrative Office of the United States  
2 Courts, the Clerk is directed, without further order of this Court, to deduct from  
3 the income earned on the money in the Fund a fee equal to ten percent of the  
4 income earned on the Fund. Such fee shall not exceed that authorized by the  
5 Judicial Conference of the United States.

6 The Commission may by motion propose a plan to distribute the Fund  
7 subject to the Court's approval. Such a plan may provide that the Fund shall be  
8 distributed pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-  
9 Oxley Act of 2002. Regardless of whether any such Fair Fund distribution is  
10 made, amounts ordered to be paid as civil penalties pursuant to this Final  
11 Judgment shall be treated as penalties paid to the government for all purposes,  
12 including all tax purposes

13 VII.

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

18 VIII.

19 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this  
20 Court shall retain jurisdiction over this action for all purposes, including to  
21 implement and enforce the terms of this Final Judgment and other orders and  
22 decrees which may be entered, and to grant such other relief as this Court may  
23 deem necessary and just

24 IX.

25 IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED  
26 that during the pendency of this action, Antoniono shall remain a party to this  
27 action subject to the discovery provisions of the Federal Rules of Civil Procedure  
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1 which apply to parties, and, in addition, agrees and undertakes that he will appear,  
2 without the service of a subpoena, for deposition or to testify as a witness at any  
3 trial of this action or at any other related proceeding. With respect to any  
4 depositions or other discovery, Antoniono shall waive any discovery cut-off date  
5 or any other restrictions on discovery imposed by the Federal Rules of Civil  
6 Procedure or the Court's Local Rules. Failure to comply with the foregoing will  
7 subject Antoniono to the remedies and sanctions set forth in Rule 37 of the Federal  
8 Rules of Civil Procedure and all other available remedies.

9 X.

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

13  
14 DATED: SEP 15 2004

15 Spencer Lett  
16 UNITED STATES DISTRICT JUDGE

17  
18 Submitted By:

19 Jessica Rigley Marren  
20 Jessica Rigley Marren  
21 Attorney for Plaintiff  
22 Securities and Exchange Commission  
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