



UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF TEXAS

SECURITIES AND EXCHANGE  
COMMISSION,  
  
Plaintiff,  
  
v.  
  
VIRBAC CORPORATION, THOMAS L. BELL,  
JOSEPH A. ROUGRAFF, DOUGLAS A.  
HUBERT, JAMES C. ROBISON, and CRAIG S.  
CAMPBELL,  
  
Defendants.

Civil Action No.  
4:06-CV-0453-A

**FINAL JUDGMENT AS TO DEFENDANT THOMAS L. BELL**

Plaintiff Securities and Exchange Commission filed its Complaint against Defendant Thomas L. Bell seeking a permanent injunction, an officer and director bar, disgorgement of \$95,045, plus prejudgment interest, and a civil penalty of \$150,000 for his violations of Section 17(a) of the Securities Act and Sections 10(b) and 13(b)(5) of the Exchange Act and Rules 10b-5, 13a-14, 13b2-1 and 13b2-2 thereunder, and for his aiding and abetting Defendant Virbac Corporation's violations of Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act, and Rules 12b-20, 13a-1 and 13a-13 thereunder.

Defendant Thomas L. Bell entered a general appearance through his Consent, attached to this Final Judgment, admitting the Court's jurisdiction over the subject and parties. Without admitting or denying the Commission's non-jurisdictional allegations, Defendant Thomas L. Bell consented to the entry of this Final Judgment, 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 Thomas L. Bell is 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.

II.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Thomas L. Bell is 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.

III.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Thomas L. Bell is permanently restrained and enjoined from violating, directly or indirectly, Section 13(b)(5) of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. § 78m(b)(5)] and Rules 13b2-1 and 13b2-2 promulgated thereunder [17 C.F.R. §§ 240.13b2-1 and 240.13b2-2], by knowingly circumventing or knowingly failing to implement a system of internal accounting controls or knowingly falsifying any book record or account described in Section 13(b)(2) of the Exchange Act; or falsifying or causing to be falsified, any book, record or account subject to section 13(b)(2)(A) of the Exchange Act.

IV.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Thomas L. Bell is permanently restrained and enjoined from violating, directly or indirectly, Exchange Act Rule 13a-14 [17 C.F.R. § 240.13a-14] which requires that principal officers of an issuer certify, in regard to each periodic report filed with the Commission, that, among other things, he or she has reviewed the report and that the report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading; the financial statements, and other financial information included in the report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer; and that he or she has designed such disclosure controls and procedures to ensure that material information relating to the issuer, including its consolidated

subsidiaries, is made known to them by others within those entities, particularly during periods in which the periodic reports are being prepared; and that he or she has disclosed to the issuer's auditors and the audit committee of the board of directors any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal controls.

V.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Thomas L. Bell is permanently restrained and enjoined from aiding and abetting any violation of Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 13a-1, 13a-13, and 12b-20 promulgated thereunder [17 C.F.R. §§ 240.13a-1, 240.13a-13, and 240.12b-20], by knowingly providing substantial assistance to any issuer that:

- (a) files with the Commission any annual or quarterly report required to be filed with the Commission pursuant to Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 13a-1 and 13a-13 promulgated thereunder [17 C.F.R. §§ 240.13a-1, 240.13a-13], which contains any untrue statement of material fact, which omits to state any material fact necessary in order to make the statements made, in the light of the circumstances under which such statements were made, not misleading, or which omits to disclose any information required to be disclosed; or
- (b) fails to add such further material information to any annual or quarterly report filed on behalf of any issuer, as may be necessary, to make the required statements, in the light of the circumstances under which such statements are made, not misleading.

VI.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Thomas L. Bell is permanently restrained and enjoined from aiding and abetting any violation of Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(a)] by knowingly providing substantial assistance to an issuer that fails to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer.

VII.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Thomas L. Bell is permanently restrained and enjoined from aiding and abetting any violation of Section 13(b)(2)(B) of the Exchange Act [15 U.S.C. § 78m(a)] by knowingly providing substantial assistance to an issuer that fails to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that:

- (a) transactions are executed in accordance with management's general or specific authorization;
- (b) transactions are recorded as necessary (i) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and (ii) to maintain accountability for assets;
- (c) access to assets is permitted only in accordance with management's general or specific authorization; and
- (d) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

VIII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, pursuant to Section 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)], Defendant Thomas L. Bell is prohibited 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. § 78l] 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 HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Thomas L. Bell is liable for disgorgement of \$95,045, representing profits gained as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$15,091, and a civil penalty in the amount of \$150,000 pursuant to Section 20(d) of the Securities Act of 1933 [15 U.S.C. §77t(d)] and Section 21(d) of the Securities Exchange Act of 1934 [15 U.S.C. §78u(d)]. Defendant shall satisfy this obligation by paying \$260,136 to the Clerk of this Court according the following schedule: \$50,000 within 10 days of the entry of the Final Judgment; \$35,022, plus post-judgment interest at the statutory rate pursuant to 28 U.S.C. § 1961, within six months of entry of the Final Judgment; \$35,022, plus post-judgment interest at the statutory rate pursuant to 28 U.S.C. § 1961, within twelve months of entry of the Final Judgment; \$35,022, plus post-judgment interest at the statutory rate pursuant to 28 U.S.C. § 1961, within eighteen months of entry of the Final Judgment; \$35,022, plus post-judgment interest at the statutory rate pursuant to 28 U.S.C. § 1961, within twenty-four months of entry of the Final Judgment; \$35,022, plus post-judgment interest at the statutory rate pursuant to 28 U.S.C. § 1961, within thirty months of entry of the Final Judgment; and \$35,026, plus post-judgment interest at the statutory rate pursuant to 28

U.S.C. § 1961, within thirty-six months of entry of the Final Judgment. Each payment shall be made with a cover letter identifying Thomas L. Bell 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 simultaneously transmit photocopies of such payment and letter to the Commission's counsel in this action. By making payment, Defendant relinquishes all legal and equitable right, title, and interest in such funds, and no part of the funds shall be returned to Defendant. If Defendant fails to make any payment according to the schedule set forth above, all outstanding payments under this Final Judgment, including post-judgment interest, shall become due and payable immediately.

The Clerk shall deposit the funds into an interest bearing account with the Court Registry Investment System ("CRIS"). These funds, together with any interest and income earned thereon (collectively, the "Fund"), shall be held by the CRIS until further order of the Court. In accordance with the guidelines set by the Director of the Administrative Office of the United States Courts, the Clerk is directed, without further order of this Court, to deduct from the income earned on the money in the Fund a fee equal to that authorized by the Judicial Conference of the United States.

The Commission may by motion propose a plan to distribute the Fund subject to the Court's approval. Such a plan may provide that Fund shall be distributed pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002. Regardless of whether any such Fair Fund distribution is made, amounts ordered to be paid as civil penalties pursuant to this Judgment shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the punitive effect of the civil penalty, Defendant shall not, in any Related Investor Action, benefit from any offset or reduction of any investor's claim by the amount of any

Fair Fund distribution to such investor in this action that is proportionately attributable to the civil penalty paid by Defendant (“Penalty Offset”). If the court in any Related Investor Action grants such an offset or reduction, Defendant shall, within 30 days after entry of a final order granting the offset or reduction, notify the Commission’s counsel in this action and pay the amount of the Penalty Offset to the United States Treasury or to a Fair Fund, as the Commission directs. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this Judgment. For purposes of this paragraph, a “Related Investor Action” means a private damages action brought against Defendant by or on behalf of one or more investors based on substantially the same facts as alleged in the Complaint in this action.

X.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that 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 immediately and without further notice.

*Signed* 8/4/06  
Dated: \_\_\_\_\_

  
\_\_\_\_\_  
UNITED STATES DISTRICT JUDGE