

UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF VIRGINIA

SECURITIES AND EXCHANGE COMMISSION,)

Plaintiff,)

v.)

TERRY M. PHILLIPS,)

Defendant.)

Civil Action No. 1:11-cv-422

FINAL JUDGMENT AS TO TERRY M. PHILLIPS

The Securities and Exchange Commission ("the Commission") having filed a Complaint, and defendant Terry M. Phillips ("Phillips") having entered a general appearance, consented to the Court's jurisdiction over Phillips 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 Phillips and Phillips' 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)] and Rules 12b-20 and 13a-13 thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-13] by knowingly providing substantial assistance to an issuer of a security registered pursuant to Section 12 of the Exchange Act to omit from its periodic reports material

information as may be necessary to make the required statements not misleading.

II.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Phillips and Phillips' 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(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(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 its transactions and dispositions of its assets.

III.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Phillips and Phillips' 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(b)(2)(B) of the Exchange Act [15 U.S.C. § 78m(b)(2)(B)] 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 transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles or any other criteria applicable to such statements.

IV.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Phillips and Phillips' 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 13b2-2 under the Exchange Act [17 C.F.R. § 240.13b2-2] by, directly or indirectly, making materially false or misleading statements, or omitting to state, or causing another person to omit to state material facts necessary in order to make statements made, in light of the circumstances under which they were made, not misleading to an accountant in connection with any audit, review, or examination of financial statements or the preparation or filing of a document or report required to be filed with the Commission.

V.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Phillips shall comply with the Order Instituting Cease-and-Desist Proceedings, Making Findings, and Imposing a Cease-and-Desist Order Pursuant to Section 21C of the Securities Exchange Act of 1934 that was issued against Phillips by the Commission on May 2, 2007.

VI.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Phillips shall pay a civil penalty in the amount of \$50,000 pursuant to Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)]. Phillips shall satisfy this obligation, pursuant to the terms of the payment schedule set forth in paragraph VII below, 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 Terry M. Phillips 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. A copy of the aforesaid letter shall also be sent to Yuri B. Zelinsky, Assistant Director, Division of Enforcement,

Securities and Exchange Commission, 100 F Street, N.E., Washington, DC 20549. Phillips shall pay post-judgment interest on any delinquent amounts pursuant to 28 U.S.C. § 1961. The Commission shall remit the funds paid pursuant to this paragraph to the United States Treasury.

VII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Phillips shall pay the amount of \$50,000, in five installments, according to the following schedule:

- 1. \$10,000 within 10 calendar days of entry of this Final Judgment;**
- 2. \$10,000 within 40 calendar days of entry of this Final Judgment, plus post-judgment interest pursuant to 28 U.S.C. § 1961;**
- 3. \$10,000 within 70 calendar days of entry of this Final Judgment, plus post-judgment interest pursuant to 28 U.S.C. § 1961;**
- 4. \$10,000 within 100 calendar days of entry of this Final Judgment, plus post-judgment interest pursuant to 28 U.S.C. § 1961; and**
- 5. \$10,000 within 130 calendar days of entry of this Final Judgment, plus post-judgment interest pursuant to 28 U.S.C. § 1961.**

If Phillips 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.

VIII.

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

IX.

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.

X.

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: April 27, 2011



/s/ Anthony J. Trenga
United States District Judge
United States District Judge

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United States District Judge
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