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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA
PHOENIX DIVISION

Securities and Exchange Commission,

Plaintiff,

vs.

U. S. Reservation Bank & Trust;
et al.

Defendants,

and

Oyate Development, Inc.;
et al.

Defendants Solely for

Purposes of Equitable Relief.

Case No.
CIV-02-0581 PHX (EHC)

Agreed Judgment as to
Defendant John M. Adams

**AGREED JUDGMENT AS TO
DEFENDANT JOHN M. ADAMS**

The Securities and Exchange Commission having filed a *Complaint* and Defendant John M. Adams (“Defendant”) having entered a general appearance; consented to the

1 Court's jurisdiction over Defendant and the subject matter of this action; consented to
2 entry of this *Agreed Judgment* without admitting or denying the allegations of the
3 *Complaint* (except as to jurisdiction); waived findings of fact and conclusions of law; and
4 waived any right to appeal from this *Agreed Judgment*:

5 **I.**

6 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant, solely in
7 respect to or in connection with the acts of Defendant, and Defendant's agents, servants,
8 employees, attorneys, and all persons in active concert or participation with them who
9 receive actual notice of this *Agreed Judgment* by personal service or otherwise are
10 permanently restrained and enjoined from violating, directly or indirectly, Section 10(b)
11 of the Securities Exchange Act of 1934 [15 U.S.C. §78j(b)] and Rule 10b-5 promulgated
12 thereunder [17 C.F.R. §240.10b-5], by using any means or instrumentality of interstate
13 commerce, or of the mails, or of any facility of any national securities exchange, in
14 connection with the purchase or sale of any security:

- 15 (a) to employ any device, scheme, or artifice to defraud;
- 16 (b) to make any untrue statement of a material fact or to omit to state a
17 material fact necessary in order to make the statements made, in the light of
18 the circumstances under which they were made, not misleading; or
- 19 (c) to engage in any act, practice, or course of business which operates
20 or would operate as a fraud or deceit upon any person.

21 **II.**

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1 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant,
2 solely in respect to or in connection with the acts of Defendant, and Defendant's agents,
3 servants, employees, attorneys, and all persons in active concert or participation with
4 them who receive actual notice of this *Agreed Judgment* by personal service or otherwise
5 are permanently restrained and enjoined from violating Section 17(a) of the Securities Act
6 of 1933 ("Securities Act") [15 U.S.C. §77q(a)] in the offer or sale of any security by the
7 use of any means or instruments of transportation or communication in interstate
8 commerce or by use of the mails, directly or indirectly:

9 (a) to employ any device, scheme, or artifice to defraud;

10 (b) to obtain money or property by means of any untrue statement of a
11 material fact or any omission of a material fact necessary in order to make
12 the statements made, in light of the circumstances under which they were
13 made, not misleading; or

14 (c) to engage in any transaction, practice, or course of business which
15 operates or would operate as a fraud or deceit upon the purchaser.

16 **III.**

17 IT IS FURTHER ORDERED ADJUDGED AND DECREED that Defendant,
18 solely in respect to or in connection with the acts of Defendant, and his agents, servants,
19 employees, attorneys, and all persons in active concert or participation with him who
20 receive actual notice of this *Agreed Judgment* by personal service or otherwise, and each
21 of them, are restrained and enjoined from directly or indirectly, engaging in the business
22 of effecting transactions in securities, in the form of investment contracts, or any other

1 security, for his own account or for the account of others, while making use of the mails
2 or any means or instrumentality of interstate commerce to effect any transaction in, or to
3 induce or attempt to induce the purchase or sale of, any security (other than an exempted
4 security or commercial paper, banker's acceptances, or commercial bills) unless
5 Defendant is registered as a broker or dealer in accordance with Section 15(b) of the
6 Exchange Act [15 U.S.C. §78o(b)] and all applicable rules promulgated thereunder or is
7 otherwise exempt from registration under Section 15(a)(1) of the Exchange Act [15
8 U.S.C. §78o(a)(1)].

9 **IV.**

10 Upon motion of the Commission, the Court shall determine whether it is
11 appropriate to order disgorgement of ill-gotten gains and/or a civil penalty pursuant to
12 Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the
13 Exchange Act [15 U.S.C. § 78u(d)(3)] and, if so, the amount(s) of the disgorgement
14 and/or civil penalty. If disgorgement is ordered, Defendant shall pay prejudgment interest
15 thereon, calculated from March 1, 2000, based on the rate of interest used by the Internal
16 Revenue Service for the underpayment of federal income tax as set forth in 26 U.S.C.
17 § 6621(a)(2). In connection with the Commission's motion for disgorgement and/or civil
18 penalties, and at any hearing held on such a motion: (a) Defendant will be precluded from
19 arguing that he did not violate the federal securities laws as alleged in the Complaint; (b)
20 Defendant may not challenge the validity of the Consent or this *Agreed Judgment*; (c)
21 solely for the purposes of such motion, the allegations of the Complaint shall be accepted
22 as and deemed true by the Court; and (d) the Court may determine the issues raised in the

1 motion on the basis of affidavits, declarations, excerpts of sworn deposition or
2 investigative testimony, and documentary evidence, without regard to the standards for
3 summary judgment contained in Rule 56(c) of the Federal Rules of Civil Procedure. In
4 connection with the Commission's motion for disgorgement and/or civil penalties, the
5 parties may take discovery, including discovery from appropriate non-parties.

6 **V.**

7 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the *Consent* is
8 incorporated herein with the same force and effect as if fully set forth herein, and that
9 Defendant shall comply with all of the undertakings and agreements set forth therein.

10 **VI.**

11 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain
12 jurisdiction of this matter for the purposes of enforcing the terms of this *Agreed*
13 *Judgment*.

14 **VII.**

15 There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules
16 of Civil Procedure, the Clerk is ordered to enter this *Agreed Judgment* forthwith and
17 without further notice.

18 DATED this 25th day of September, 2006.

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Earl H. Carroll
United States District Judge