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FILED
CLERK, U.S. DISTRICT COURT
FEB 28 2001
CENTRAL DISTRICT OF CALIFORNIA
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THIS CONSTITUTES NOTICE OF ENTRY
AS REQUIRED BY FRCP, RULE 77(d).

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

12 SECURITIES AND EXCHANGE
13 COMMISSION,

14 Plaintiff,

15 v.

16 DAVID J. NAUGHTON, STEPHEN R.
17 KEENUM, MARK R. AVILA, STEPHEN R.
18 RAWLINGS, RICHARD C. REINING, ADAM
19 E. PECK, VICTOR R. GRAU AUG, RAFFI
20 T. KING, CHARLES F. HAGEMANN,
21 RONALD L. GAISER, JOSEPH L. HILL
22 AND MICHAEL R. TOMPKINS,

23 Defendants.

Case No. CV-00-07531 R (Ex)

[PROPOSED] FINAL JUDGMENT OF
PERMANENT INJUNCTION AND OTHER
RELIEF AGAINST DEFENDANT JOSEPH
L. HILL

ENTERED
CLERK, U.S. DISTRICT COURT
MAR - 1 2001
CENTRAL DISTRICT OF CALIFORNIA

22 Plaintiff Securities and Exchange Commission ("Commission"),
23 having filed and served upon Defendant Joseph L. Hill ("Hill") a
24 Summons and Complaint in this action; Hill having admitted service
25 upon him of the Summons and Complaint in this action and the
26 jurisdiction of this Court over them and over the subject matter of
27 this action; having been fully advised and informed of his right to
28 a judicial determination of this action; having waived the entry of

✓ Docketed
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— JS - 2 / JS - 3
A CLSD

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1 findings of fact and conclusions of law as provided by Rule 52 of
2 the Federal Rules of Civil Procedure; having consented to the entry
3 of this Final Judgment Of Permanent Injunction And Other Relief
4 Against Defendant Joseph L. Hill ("Final Judgment"), without
5 admitting or denying the allegations in the Complaint except as
6 specifically set forth in the Consent Of Defendant Joseph L. Hill To
7 Entry Of Final Judgment Of Permanent Injunction And Other Relief
8 ("Consent"); and no notice of hearing upon the entry of this Final
9 Judgment being necessary:

10 I.

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

- 17 A. making use of any means or instruments of transportation
18 or communication in interstate commerce or of the mails to
19 sell any securities, through the use or medium of any
20 prospectus or otherwise, unless a registration statement
21 is in effect as to such securities;
- 22 B. carrying or causing to be carried through the mails or in
23 interstate commerce, by any means or instruments of
24 transportation, for the purpose of sale or for delivery
25 after sale, any securities, unless a registration
26 statement is in effect as to such securities; and
- 27 C. making use of any means or instruments of transportation
28 or communication in interstate commerce or of the mails to

1 offer to sell or offer to buy, through the use or medium
2 of any prospectus or otherwise, any securities, unless a
3 registration statement has been filed with the Commission
4 as to such securities, or while the registration statement
5 is the subject of a refusal order or stop order or (prior
6 to the effective date of the registration statement) any
7 public proceeding or examination under Section 8 of the
8 Securities Act [15 U.S.C. § 77h];

9 in violation of Sections 5(a) and 5(c) of the Securities Act of 1933
10 ("Securities Act") [15 U.S.C. §§ 77e(a) & 77e(c)].

11 **II.**

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

20 A. employing any device, scheme or artifice to defraud;

21 B. obtaining money or property by means of any untrue
22 statement of a material fact or any omission to state a
23 material fact necessary in order to make the statements
24 made, in the light of the circumstances under which they
25 were made, not misleading; or

26 C. engaging in any transaction, practice, or course of
27 business which operates or would operate as a fraud or
28 deceit upon the purchaser;

1 in violation of Section 17(a) of the Securities Act [15 U.S.C. §
2 77q(a)].

3 **III.**

4 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Hill
5 and his agents, servants, employees and attorneys, and all persons
6 in active concert or participation with any of them, who receive
7 actual notice of this Final Judgment by personal service or
8 otherwise, and each of them, are permanently restrained and enjoined
9 from, directly or indirectly, in connection with the purchase or
10 sale of any security, by the use of any means or instrumentality of
11 interstate commerce, or of the mails, or of any facility of any
12 national securities exchange:

13 A. employing any device, scheme, or artifice to defraud;

14 B. making any untrue statement of a material fact or
15 omitting to state a material fact necessary in order to
16 make the statements made, in the light of the
17 circumstances under which they were made, not misleading;
18 or

19 C. engaging in any act, practice, or course of business
20 which operates or would operate as a fraud or deceit upon
21 any person;

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

25 **IV.**

26 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Hill
27 and his agents, servants, employees and attorneys, and all persons
28 in active concert or participation with any of them, who receive

1 actual notice of this Final Judgment by personal service or
2 otherwise, and each of them, are permanently restrained and enjoined
3 from making use of the mails or any means or instrumentality of
4 interstate commerce to effect any transactions in, or to induce or
5 attempt to induce the purchase or sale of, any security without
6 being registered as a broker or dealer pursuant to Section 15(b) of
7 the Exchange Act [15 U.S.C. § 78o(b)], in violation of Section
8 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)].

9 **V.**

10 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Hill
11 shall pay disgorgement in the amount of \$43,987 representing his
12 gains from the conduct alleged in the Complaint, plus prejudgment
13 interest thereon calculated pursuant to 28 U.S.C. § 1961. Based
14 upon Hill's sworn representations in his Statement of Financial
15 Condition dated July 18, 2000, and submitted to the Commission,
16 payment of all disgorgement and prejudgment interest thereon is
17 waived. Additionally, based upon Hill's sworn representations in
18 his Statement of Financial Condition, this Court is not ordering
19 Hill to pay a civil penalty pursuant to Section 20(d)(1) of the
20 Securities Act [15 U.S.C. § 77t(d)(1)] and Section 21(d)(3) of the
21 Exchange Act [15 U.S.C. § 78u(d)(3)].

22 **VI.**

23 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the waiver of
24 disgorgement and interest and the determination not to assess a
25 civil penalty are contingent upon the accuracy and completeness of
26 Hill's Statement of Financial Condition. If at any time following
27 the entry of this Final Judgment the Commission obtains information
28 indicating that Hill's representations to the Commission concerning

1 his assets, income, liabilities or net worth were fraudulent,
2 misleading, inaccurate or incomplete in any material respect as of
3 the time such representations were made, the Commission may, at its
4 sole discretion and without prior notice to Hill, petition this
5 Court for an order modifying this Final Judgment to require payment
6 of full or partial disgorgement, and prejudgment and postjudgment
7 interest thereon, and civil money penalties. In connection with any
8 such petition, the only issues shall be whether the financial
9 information provided by Hill was fraudulent, misleading, inaccurate
10 or incomplete in any material respect as of the time such
11 representations were made, and the amount of the civil penalty to be
12 imposed. In its petition, the Commission may move this Court to
13 consider all available remedies, including, but not limited to,
14 ordering Hill to pay funds or assets, directing the surrender of any
15 assets, or sanctions for contempt of this Final Judgment, and the
16 Commission may also obtain additional discovery. Hill may not, by
17 way of defense to such petition, challenge the validity of his
18 Consent or this Final Judgment, contest the allegations in the
19 Complaint filed by the Commission, the amount of disgorgement and
20 interest, or assert that disgorgement, interest or payment of a
21 civil penalty should not be ordered.

22 **VII.**

23 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the provisions
24 of the Consent filed concurrently with this Final Judgment are
25 incorporated herein with the same force and effect as if fully set
26 forth herein and that Hill shall comply with all terms of his
27 Consent.

28 * * *

VIII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court shall retain jurisdiction over this action for all purposes, including to determine the liability of any remaining defendants in this action, to implement and enforce the terms of this Final Judgment and other orders and decrees which may be entered, and to grant such other relief as this Court may deem necessary and just.

* * * * *

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

DATED: February 28, 2001

Manuel L. Real
UNITED STATES DISTRICT JUDGE
for **MANUEL L. REAL**

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CERTIFICATE OF SERVICE

I, Magnolia M. Marcelo, am over the age of 18 years, not a party to this action, and am a citizen of the United States. My business address is 5670 Wilshire Boulevard, 11th Floor, Los Angeles, California 90036. On February 23, 2001, at the direction of a member of the bar of this Court, I served the following document entitled **[PROPOSED] FINAL JUDGMENT OF PERMANENT INJUNCTION AND OTHER RELIEF AGAINST DEFENDANT JOSEPH L. HILL** by causing to be mailed true and correct copies thereof in sealed envelopes, postage prepaid, to:

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and

Joseph L. Hill
13049 Oxnard Street, #13
Van Nuys, CA 91401

I declare under penalty of perjury that the foregoing is true
and correct.

Dated: February 23, 2001

Magnolia M. Marcelo
Magnolia M. Marcelo