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FILED
CLERK, U.S. DISTRICT COURT
AUG 30 2000
CENTRAL DISTRICT OF CALIFORNIA
BY ASC DEPUTY

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

11 SECURITIES AND EXCHANGE COMMISSION, Case No. 98-6508 WMB (CWx)

12 Plaintiff,

13 vs.

14 RYNELL & ASSOCIATES, INC.,
LENGURNAL, INC., FIRST PARAGON, INC.,
15 INC., MOVIE MANAGEMENT SERVICES, INC.,
16 INC., DAVID L. BURNELL, J. ERIC
RYMLAND and DANIEL B. RUNG,

17 Defendants.

ENTERED
CLERK, U.S. DISTRICT COURT
AUG 3 2000
CENTRAL DISTRICT OF CALIFORNIA
BY SERVICES DEPUTY

JUDGMENT OF PERMANENT
INJUNCTION AND OTHER RELIEF
AGAINST DEFENDANTS J. ERIC
RYMLAND AND FIRST PARAGON, INC.
THIS CONSTITUTES NOTICE OF ENTRY
AS REQUIRED BY FRCP, RULE 77(d).

19 Plaintiff Securities and Exchange Commission ("Commission"),
20 having filed and served upon Defendants J. Eric Rymland and First
21 Paragon, Inc. ("Defendants") a Summons and Complaint; Defendants
22 having admitted service upon them of the Summons and Complaint in
23 this action and the jurisdiction of this Court over them and over
24 the subject matter of this action; having been fully advised and
25 informed of their right to a judicial determination of this matter;
26 having waived the entry of findings of fact and conclusions of law
27 as provided by Rule 52 of the Federal Rules of Civil Procedure;

28 Having consented to the entry of this Judgment of Permanent

29 Docketed
30 Copies (NTC Sent)
JS-5/JS-6
JS-2/JS-3

AUG 30 2000

1 Injunction and Other Relief Against Defendants J. Eric Rymland and
2 First Paragon, Inc. ("Judgment"), without admitting or denying any
3 of the allegations in the Complaint, except as specifically set
4 forth in the Consent of Defendants J. Eric Rymland and First
5 Paragon, Inc. to Entry of Judgment of Permanent Injunction and Other
6 Relief ("Consent"); no notice of hearing upon the entry of this
7 Judgment being necessary; and the Court being fully advised in the
8 premises:

9 I.

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

- 16 A. making any use of the means or instruments of
17 transportation or communication in interstate commerce or
18 of the mails to sell a security through the use or medium
19 of any prospectus or otherwise; or
20 B. carrying or causing to be carried through the mails or in
21 interstate commerce, by any means or instrument of
22 transportation, any security for the purpose of sale or
23 delivery after sale;

24 unless a registration statement is in effect, in violation of
25 Section 5(a) of the Securities Act of 1933 ("Securities Act") [15
26 U.S.C. §§ 77e(a)].

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II.

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2 IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that
3 Defendants, and their officers, agents, servants, employees and
4 attorneys, and all persons in active concert or participation with
5 any of them, who receive actual notice of this Judgment by personal
6 service or otherwise, and each of them, are permanently restrained
7 and enjoined from, directly or indirectly, to make use of any means
8 or instruments of transportation or communication in interstate
9 commerce or of the mails to offer to sell or offer buy through the
10 use or medium of any prospectus or otherwise any security, unless a
11 registration statement has been filed as to such security, or while
12 the registration statement is the subject of a refusal order or stop
13 order or (prior to the effective date of the registration statement)
14 any public proceeding or examination under Section 8 of the
15 Securities Act, in violation of Section 5(c) of the Securities Act
16 [15 U.S.C. §§ 77e(c)].

III.

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18 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendants,
19 and their officers, agents, servants, employees and attorneys, and
20 all persons in active concert or participation with any of them, are
21 permanently restrained and enjoined from, directly or indirectly, in
22 the offer or sale of any securities, by the use of any means or
23 instruments of transportation or communication in interstate
24 commerce or by the use of the mails:

- 25 A. employing any device, scheme or artifice to defraud;
- 26 B. obtaining money or property by means of any untrue
- 27 statement of a material fact or any omission to state any
- 28 material fact necessary in order to make the statements

1 made, in the light of the circumstances under which they
2 were made, not misleading; or

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

6 in violation of Section 17(a) of the Securities Act [15 U.S.C. §
7 77q(a)].

8 IV.

9 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendants,
10 and their officers, agents, servants, employees and attorneys, and
11 all persons in active concert or participation with any of them, who
12 receive actual notice of this Judgment by personal service or
13 otherwise, and each of them, are permanently restrained and enjoined
14 from, directly or indirectly, in connection with purchase or sale of
15 any security, by the use of any means or instrumentality of
16 interstate commerce, or of the mails, or of any facility of any
17 national securities exchange:

- 18 1. employing any device, scheme, or artifice to defraud;
- 19 2. making any untrue statement of a material fact or omitting
20 to state a material fact necessary in order to make the
21 statements made, in the light of the circumstances under
22 which they were made, not misleading; or
- 23 3. engaging in any act, practice, or course of business which
24 operates or would operate as a fraud or deceit upon any
25 person;

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

V.

1
2 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendants and
3 their agents, servants, employees and attorneys, and all persons in
4 active concert or participation with any of them, who receive actual
5 notice of this Final Judgment by personal service or otherwise, and
6 each of them, are permanently restrained and enjoined from, directly
7 or indirectly, making use of the mails or any means or
8 instrumentality of interstate commerce to effect any transaction in,
9 or to induce or attempt to induce the purchase or sale of, any
10 security (other than an exempted security or commercial paper,
11 bankers' acceptances, or commercial bills) unless and until becoming
12 registered in accordance with Section 15(b) of the Exchange Act [15
13 U.S.C. § 78o(b)] in violation of Section 15(a)(1) of the Exchange
14 Act [15 U.S.C. § 78o(a)(1)].

VI.

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16 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant
17 Rymland shall pay disgorgement in the amount of \$1,040,000.00,
18 representing the amount gained from the conduct alleged in the
19 Complaint, plus prejudgment interest thereon. Defendant Rymland is
20 jointly and severally liable with David L. Burnell, Daniel B. Rung,
21 Rynell & Associates, Inc. and Lengurnal, Inc. to pay this
22 disgorgement and prejudgment interest. Based upon Defendant
23 Rymland's sworn representations in his financial statement, which
24 was completed in or about March 2000 and subsequently submitted to
25 the Commission, payment of the disgorgement and prejudgment interest
26 thereon is waived as to Defendant Rymland, contingent upon the
27 accuracy and completeness of his financial statement.

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VII.

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2 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that based upon
3 Defendants' sworn financial statements, the Court is not ordering
4 Defendants to pay civil penalties under the Securities Enforcement
5 and Penny Stock Reform Act of 1990 pursuant to Section 20(d) of the
6 Securities Act and Section 21(d)(3) of the Exchange Act. The
7 determination not to impose civil penalties against Defendants is
8 contingent upon the accuracy and completeness of Defendants'
9 financial statements.

VIII.

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11 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the
12 determination not to impose civil penalties and to waive payment of
13 disgorgement and prejudgment interest thereon is contingent upon the
14 accuracy and completeness of Defendants' sworn representations in
15 the financial statements concerning their assets, income,
16 liabilities, and net worth. If at any time following the entry of
17 the Final Judgment of Disgorgement the Commission obtains
18 information indicating that Defendants' representations to the
19 Commission concerning their assets, income, liabilities, or net
20 worth were fraudulent, misleading, inaccurate or incomplete in any
21 material respect at the time such representations were made, the
22 Commission may, at its sole discretion and without prior notice to
23 Defendants, petition the Court for an order requiring Defendants to
24 pay disgorgement, as well as prejudgment and post-judgment interest
25 thereon, and civil penalties. In connection with any such petition,
26 the only issue shall be whether the financial information provided
27 by Defendants was fraudulent, misleading, inaccurate or incomplete
28 in any material respect as of the time such representations were

1 made, and the amount of civil penalties to be imposed. In any such
2 petition, the Commission may move the Court to consider all
3 available remedies, including, but not limited to, ordering
4 Defendants to pay funds or assets, directing the forfeiture of any
5 assets, or sanctions for contempt of the Court's Final Judgment of
6 Disgorgement, and the Commission may also request additional
7 discovery. Defendants may not, by way of defense to such petition,
8 challenge the validity of the Consent or the Final Judgment of
9 Disgorgement, contest the allegations in the Complaint filed by the
10 Commission, the amount of disgorgement and interest, or assert that
11 disgorgement or payment of civil penalties should not be ordered.

12 IX.

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

18 X.

19 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court
20 shall retain jurisdiction over this action for all purposes,
21 including implementing and carrying out the terms of this Judgment
22 and all other orders and decrees which may have been and may be
23 entered herein, to resolve the Commission's pending claims for
24 disgorgement, together with prejudgment interest and penalties, and
25 to entertain any suitable application or motion for additional
26 relief within the jurisdiction of this Court.

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

DATED: Aug 25, 2000

W. Mark Byrum
UNITED STATES DISTRICT JUDGE

PROOF OF SERVICE

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I am over the age of 18 years and not a party to this action. My business address is:

[X] United States Securities and Exchange Commission, Pacific Regional Office, 11th Floor, 5670 Wilshire Boulevard, Los Angeles, California 90036-3648, Fax: (323) 965-3908.

On August 24, 2000, I served the foregoing document entitled **JUDGMENT OF PERMANENT INJUNCTION AND OTHER RELIEF AGAINST DEFENDANTS J. ERIC RYMLAND AND FIRST PARAGON, INC.** on all parties to this action addressed as stated on the attached service list:

[X] **OFFICE MAIL:** By placing in sealed envelope(s), which I placed for collection and mailing today following ordinary business practices. I am readily familiar with this firm's practice for collection and processing of correspondence for mailing; such correspondence would be deposited with the U.S. Postal Service on the same day in the ordinary course of business.

[] **PERSONAL DEPOSIT IN MAIL:** By placing in sealed envelope(s), which I personally deposited with the U.S. Postal Service. Each such envelope was deposited with the U.S. Postal Service at Los Angeles, California, with first class postage thereon fully prepaid.

[] **EXPRESS U.S. MAIL:** Each such envelope was deposited in a facility regularly maintained at the U.S. Postal Service for receipt of Express Mail at Los Angeles, California, with Express Mail postage paid.

[] **PERSONAL SERVICE:** I personally delivered each such envelope by hand to the office of the addressee.

[] **FEDERAL EXPRESS:** By placing in sealed envelope(s) designated by Federal Express with delivery fees paid or provided for, which I deposited in a facility regularly maintained by Federal Express or delivered to a Federal Express courier, at Los Angeles, California.

[] **FAX (BY AGREEMENT ONLY):** By transmitting the document by facsimile transmission at the time shown on the attached transmission report. The transmission was reported as complete and without error, and the attached transmission report was properly issued by the transmitting fax machine.

[X] **(Federal)** I declare that I am employed in the office of a member of the bar of this Court, at whose direction the service was made.

Date: August 24, 2000

Magnolia M. Marcelo
MAGNOLIA M. MARCELO

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SEC v. RYNELL & ASSOCIATES, INC. et al.
United States District Court - Central District of California
Case No. CV 98-6508 WMB (CWx)
(LA-870)

SERVICE LIST

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