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UNITED STATES DISTRICT COURT

FOR THE CENTRAL DISTRICT OF CALIFORNIA

WESTERN DIVISION

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, v. DAVID J. NAUGHTON, STEPHEN R. KEENUM, MARK R. AVILA, STEPHEN R. RAWLINGS, RICHARD C. REINING, ADAM E. PECK, VICTOR R. GRAUAUG, RAFFI T. KING, CHARLES F. HAGEMANN, RONALD L. GAISER, JOSEPH L. HILL AND MICHAEL R. TOMPKINS, Defendants.	Case No. CV-00-07531 R (Ex) **[~~PROPOSED~~] FINAL JUDGMENT BY DEFAULT OF PERMANENT INJUNCTION AND OTHER RELIEF AGAINST DEFENDANTS ADAM E. PECK AND RAFFI T. KING**

ENTERED
CLERK, U.S. DISTRICT COURT
MAR 20 2001
CENTRAL DISTRICT OF CALIFORNIA
BY DEPUTY

Plaintiff Securities and Exchange Commission ("Commission") filed and served upon Defendants Adam E. Peck ("Peck") and Raffi T. King ("King") a Summons and Complaint in this action. Both Defendants Peck and King failed to file or serve an Answer or otherwise respond to the Complaint.

On October 27, 2000, the Clerk of the Court filed the Default of Defendants Peck and King pursuant to Fed. R. Civ. P. 55(a). Thereafter, Plaintiff Commission moved for entry of a final judgment by default by this Court pursuant to Fed. R. Civ. P. 55(b)

Docketed
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THIS CONSTITUTES NOTICE OF ENTRY AS REQUIRED BY FRCP, RULE 77(d).

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with supporting papers showing service of the Summons and Complaint upon Defendants Peck and King and the subsequent failure of either Defendant to answer or otherwise respond to the Complaint. Based upon the memoranda, evidence and arguments presented with regard to the Commission's motion for entry of default judgment:

I.

IT IS HEREBY ORDERED that the Commission's Motion for entry of default judgment against Defendants Peck and King is GRANTED.

II.

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

A. making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell any securities, through the use or medium of any prospectus or otherwise, unless a registration statement is in effect as to such securities;

B. carrying or causing to be carried through the mails or in interstate commerce, by any means or instruments of transportation, for the purpose of sale or for delivery after sale, any securities, unless a registration statement is in effect as to such securities; or

C. making use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy, through the use or

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

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

III.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendants Peck and King and their agents, servants, employees and attorneys, and all persons in active concert or participation with any of them who receive actual notice of this Final Judgment by personal service or otherwise, and each of them, are permanently restrained and enjoined from, directly or indirectly, in the offer or sale of any securities, by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails:

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

B. obtaining money or property by means of any untrue statement of a material fact or any omission 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. engaging in any transaction, practice, or course of business which operates or would operate as a fraud or

deceit upon the purchaser;

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

IV.

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

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

B. making any untrue statement of a material fact or omitting 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. engaging in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person;

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

V.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendants Peck and King and their agents, servants, employees and attorneys,

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

VI.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Peck shall pay disgorgement in the amount of $306,968 and Defendant King shall pay disgorgement in the amount of $374,942 representing their ill-gotten gains from the conduct alleged in the Complaint, ~~plus prejudgment interest thereon, calculated pursuant to 28 U.S.C. § 1961~~. Defendants Peck and King shall pay the disgorgement ~~and prejudgment interest~~ by cashier's check, certified check or postal money order made payable to the Securities and Exchange Commission and transmitted to the Comptroller, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3, Alexandria, Virginia, 22312, under cover of a letter that identifies the defendant, the name and case number of this litigation, and the court. A copy of the cover letter and the check or money order shall be simultaneously transmitted to counsel for the Commission at its Los Angeles office, located at 5670 Wilshire Boulevard, 11th Floor, Los Angeles, California 90036.

* * *

VII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendants Peck and King shall pay civil penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3), in the amount of $110,000 each. Defendants Peck and King shall pay the civil penalties by cashier's check, certified check or postal money order made payable to the United States Treasury, and transmitted to the Comptroller, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3, Alexandria, Virginia, 22312, under cover of a letter that identifies the defendant, the name and case number of this litigation, and the court. A copy of the cover letter and the check or money order shall be simultaneously transmitted to counsel for the Commission at its Los Angeles office, located at 5670 Wilshire Boulevard, 11th Floor, Los Angeles, California 90036.

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: March 19, 2001

HONORABLE MANUEL L. REAL
UNITED STATES DISTRICT JUDGE

CERTIFICATE OF SERVICE

I, Magnolia M. Marcelo, am over the age of 18 years, not a party to the within action and a citizen of the United States. My business address is 5670 Wilshire Boulevard, 11th Floor, Los Angeles, California 90036. On February 7, 2001, at the direction of a member of the bar of this Court, I served the **[PROPOSED] FINAL JUDGMENT BY DEFAULT OF PERMANENT INJUNCTION AND OTHE RELIEF AGAINST DEFENDANTS ADAM E. PECK AND RAFFI T. KING** attached hereto by causing to be delivered true and correct copies thereof in sealed envelopes, postage prepaid, addressed to:

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and

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

DATED: February 7, 2001

Magnolia M. Marcelo

Magnolia M. Marcelo