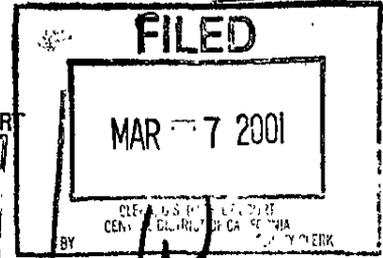


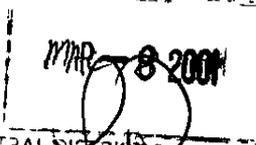
1 SANDRA J. HARRIS, Cal. Bar # 134153
GREGORY C. GLYNN, Cal. Bar # 039999
2 NICHOLAS S. CHUNG, Cal. Bar # 192784

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No JSB

3 Attorneys for Plaintiff
Securities and Exchange Commission
4 Valerie Caproni, Regional Director
5670 Wilshire Boulevard, 11th Floor
5 Los Angeles, California 90036-3648
Telephone: (323) 965-3998
6 Facsimile: (323) 965-3908



CLERK, U.S. DISTRICT COURT



UNITED STATES DISTRICT COURT

FOR THE CENTRAL DISTRICT OF CALIFORNIA

WESTERN DIVISION

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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 OF
PERMANENT INJUNCTION AND OTHER
RELIEF AGAINST DEFENDANT STEPHEN
R. RAWLINGS**

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

Plaintiff Securities and Exchange Commission ("Commission"),
having filed and served upon Defendant Stephen R. Rawlings
("Rawlings") a Summons and Complaint in this action; Rawlings having
admitted service upon him of the Summons and Complaint in this
action and the jurisdiction of this Court over them and over the
subject matter of this action; having been fully advised and
informed of his right to a judicial determination of this action;

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

10 **I.**

11 IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Defendant
12 Rawlings and his agents, servants, employees and attorneys-in-fact,
13 and all persons in active concert or participation with any of them,
14 who receive actual notice of this Final Judgment by personal service
15 or otherwise, and each of them, are permanently restrained and
16 enjoined 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
13 Rawlings and his agents, servants, employees and attorneys-in-fact,
14 and all persons in active concert or participation with any of them,
15 who receive actual notice of this Final Judgment by personal service
16 or otherwise, and each of them, are permanently restrained and
17 enjoined 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
5 Rawlings and his agents, servants, employees and attorneys-in-fact,
6 and all persons in active concert or participation with any of them,
7 who receive actual notice of this Final Judgment by personal service
8 or otherwise, and each of them, are permanently restrained and
9 enjoined from, directly or indirectly, in connection with the
10 purchase or sale of any security, by the use of any means or
11 instrumentality of interstate commerce, or of the mails, or of any
12 facility of any 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
27 Rawlings and his agents, servants, employees and attorneys-in-fact,
28 and all persons in active concert or participation with any of them,

1 | who receive actual notice of this Final Judgment by personal service
2 | or otherwise, and each of them, are permanently restrained and
3 | enjoined from making use of the mails or any means or
4 | instrumentality of interstate commerce to effect any transactions
5 | in, or to induce or attempt to induce the purchase or sale of, any
6 | security without being registered as a broker or dealer pursuant to
7 | Section 15(b) of the Exchange Act [15 U.S.C. § 78o(b)], in violation
8 | of Section 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
11 | Rawlings shall pay disgorgement in the amount of \$301,934
12 | representing his gains from the conduct alleged in the Complaint,
13 | plus prejudgment interest thereon calculated pursuant to 28 U.S.C. §
14 | 1961. Based upon Rawlings' sworn representations in his Statement
15 | of Financial Condition dated August 20, 2000, and submitted to the
16 | Commission, payment of all disgorgement and prejudgment interest
17 | thereon is waived. Additionally, based upon Rawlings' sworn
18 | representations in his Statement of Financial Condition, this Court
19 | is not ordering Rawlings to pay a civil penalty pursuant to Section
20 | 20(d)(1) of the Securities Act [15 U.S.C. § 77t(d)(1)] and Section
21 | 21(d)(3) of the 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 | Rawlings' Statement of Financial Condition. If at any time
27 | following the entry of this Final Judgment the Commission obtains
28 | information indicating that Rawlings' representations to the

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

23 **VII.**

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

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 7, 2001*

Manuel L. Real
HONORABLE MANUEL L. REAL
UNITED STATES DISTRICT JUDGE

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CERTIFICATE OF SERVICE

1
2 I, Magnolia M. Marcelo, am over the age of 18 years, not a
3 party to this action, and am a citizen of the United States. My
4 business address is 5670 Wilshire Boulevard, 11th Floor, Los
5 Angeles, California 90036. On March 5, 2001, at the direction of a
6 member of the bar of this Court, I served the following document
7 entitled **[PROPOSED] FINAL JUDGMENT OF PERMANENT INJUNCTION AND**
8 **OTHER RELIEF AGAINST DEFENDANT STEPHEN R. RAWLINGS** by causing to be
9 mailed true and correct copies thereof in sealed envelopes, postage
10 prepaid, to:

11
12 Michael B. Rainey, Esq.
13 Law Offices of Michael B. Rainey & Associates
21112 Ventura Boulevard, Suite 200
Woodland Hills, CA 91364
Counsel for Defendant Charles F. Hagemann

14
15 David J. Naughton
360 Ware Road
16 Hailey, Hertfordshire,
England SG13 7PF

17
18 David I. Lefkowitz, Esq.
1299 Ocean Avenue, Suite 900
Santa Monica, CA 90401
Counsel for Defendants
19 **Mark R. Avila and Stephen R. Keenum**

20
21 Steven Gourley, Esq.
c/o Dept. of Motor Vehicles
2415 First Avenue
Sacramento, CA 95818
22 **Counsel for Defendant**
23 **Stephen R. Rawlings**

24
25 Stephen R. Rawlings
c/o Law Offices of James Vickman
424 So. Beverly Drive
Beverly Hills, CA 90212-4414
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Washor & Associates
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Victor R. Graaug
2580 NorthShore Road
Westlake Village, CA 91361

Raffi T. King
10756 Esther Avenue
Los Angeles, CA 90064

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

Dated: March 5, 2001

Magnolia M. Marcelo
Magnolia M. Marcelo