

UNITED STATES DISTRICT COURT  
FOR THE WESTERN DISTRICT OF PENNSYLVANIA

UNITED STATES SECURITIES AND  
EXCHANGE COMMISSION,

Plaintiff,

v.

WILLIAM L. ATKINSON, II and JAMES R.  
WALKER,

Defendants.

C.A. No. 04cv1477

**FINAL JUDGMENT AS TO DEFENDANT JAMES R. WALKER**

The Securities and Exchange Commission having filed a Complaint and Defendant James R. Walker having entered a general appearance; consented to the Court's jurisdiction over Defendant and the subject matter of this action; consented to entry of this Final Judgment without admitting or denying the allegations of the Complaint (except as to jurisdiction); waived findings of fact and conclusions of law; and waived any right to appeal from this Final Judgment:

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5], by using any means or

instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security:

- (a) to employ any device, scheme, or artifice to defraud;
- (b) to make any untrue statement of a material fact or to omit 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) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

II.

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

- (a) to employ any device, scheme, or artifice to defraud;
- (b) to obtain money or property by means of any untrue statement of a material fact or any omission of a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;  
or

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

III.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 5 of the Securities Act [15 U.S.C. § 77e] by, directly or indirectly, in the absence of any applicable exemption:

- (a) Unless a registration statement is in effect as to a security, making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell such security through the use or medium of any prospectus or otherwise;
- (b) Unless a registration statement is in effect as to a security, carrying or causing to be carried through the mails or in interstate commerce, by any means or instruments of transportation, any such security for the purpose of sale or for delivery after sale; 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 security, unless a registration statement has been filed with the Commission as to such security, 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 or examination under Section 8 of the Securities Act [15 U.S.C. § 77h].

IV.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is liable for disgorgement of \$453,305, representing profits gained as a result of the conduct alleged in the Complaint, plus prejudgment interest thereon. Defendant shall satisfy this obligation by paying \$100,000 to Inglewood Associates, Inc., the Receiver appointed by the Court in the matter captioned In Re: Petition of Family Heritage Estate Portfolio, Inc., docketed in the Court of Common Pleas of Allegheny County, Pennsylvania, at Case No. GD 03-019341, so that the Receiver may distribute these funds to investors, in accordance with the Plan of Distribution previously approved in that receivership proceeding.

Defendant shall make payment to the Receiver as follows: within ten business days of the date entry of this Final Judgment, Defendant shall make a payment of \$70,000, payable to Family Heritage Estate Portfolio, Inc., which shall be sent to counsel to the Receiver, Paul H. Titus, Esquire, at the Pittsburgh office of the law firm of Schnader Harrison Segal & Lewis, LLP. Payment shall be sent together with a cover letter identifying James R. Walker as a defendant in this action; setting forth the title and civil action number of this action and the name of this Court; and specifying that payment is made pursuant to this Final Judgment. Defendant shall simultaneously transmit photocopies of such payment and letter to the Commission's counsel in this action.

Thereafter, Defendant shall make three additional payments of \$10,000 each, using the same procedures undertaken for the first payment as set forth above, until the entire \$100,000 obligation is satisfied. The first of these additional payments shall be due no later than 90 days from the date of the entry of this judgment, or the first business day thereafter; the second of these additional payments shall be due no later than 180 days from the date of the entry of this judgment, or the first business day thereafter; and the third of these additional payments shall be due no later than 270 days from the date of the entry of this judgment, or the first business day thereafter.

Within ten business days from receipt of the final payment, Counsel to the Receiver has agreed to, and shall, provide to the Commission's counsel in this case correspondence confirming that payment in full has been received from the Defendant. Within ten business days of the date such correspondence is received, the Commission shall, in turn, notify this Court, of record, that the payments mandated under this Final Judgment have been made by the Defendant and that Defendant's disgorgement obligation has been satisfied.

In the event that Defendant fails to make any payment within 30 days of the date on which it was first due to be paid, the Commission may, at its sole discretion and without prior notice to Defendant, petition the Court to enter judgment against the Defendant in an amount equal to \$453,305, less a credit for all amounts actually paid, plus pre-judgment interest on the total of \$453,305, calculated from June 1, 1998 to the date of the non-payment. In connection with any such petition, the only issue shall be whether payment was made. Although Defendant is free to offer the Court reasons for his non-payment, if any, Defendant may not, by way of defense to such petition: (1) challenge the validity of the Consent or this Final Judgment; (2)

contest the allegations in the Complaint filed by the Commission; (3) assert that payment of disgorgement, pre-judgment and post-judgment interest should not be ordered; (4) contest the amount of disgorgement and pre-judgment and post-judgment interest; or (5) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

By making these payments, Defendant relinquishes all legal and equitable right, title, and interest in such funds, and no part of the funds shall be returned to Defendant. Defendant shall pay post-judgment interest on any delinquent amounts pursuant to 28 USC § 1961.

V.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is liable for disgorgement of \$453,305, representing profits gained as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon. However, the Court is not ordering Defendant to pay a civil penalty, and payment of all but \$100,000 of the disgorgement, as well as pre-judgment interest thereon, is waived, based on Defendant's sworn representations in his Statement of Financial Condition dated February 1, 2005 (originally misdated February 1, 2004) and other documents and information submitted to the Commission, including but not limited to the deposition of the Defendant taken on April 20, 2005. Defendant shall also pay post-judgment interest on any delinquent amounts pursuant to 28 USC § 1961.

The determination not to impose a civil penalty and to waive payment of all but \$100,000 of the disgorgement, as well as pre-judgment interest, is contingent upon the accuracy and completeness of Defendant's Statement of Financial Condition.

If at any time following the entry of this Final Judgment the Commission obtains information indicating that Defendant's representations to the Commission concerning his assets,

income, liabilities, or net worth were fraudulent, misleading, inaccurate, or incomplete in any material respect as of the time such representations were made, the Commission may, at its sole discretion and without prior notice to Defendant, petition the Court for an order requiring Defendant to pay the unpaid portion of the disgorgement, pre-judgment and post-judgment interest thereon, and the maximum civil penalty allowable under the law.

In connection with any such petition, the only issue shall be whether the financial information provided by Defendant was fraudulent, misleading, inaccurate, or incomplete in any material respect as of the time such representations were made. In its petition, the Commission may move this Court to consider all available remedies, including, but not limited to, ordering Defendant to pay funds or assets, directing the forfeiture of any assets, or sanctions for contempt of this Final Judgment. The Commission may also request additional discovery.

Defendant may not, by way of defense to such petition: (1) challenge the validity of the Consent or this Final Judgment; (2) contest the allegations in the Complaint filed by the Commission; (3) assert that payment of disgorgement, pre-judgment and post-judgment interest or a civil penalty should not be ordered; (4) contest the amount of disgorgement and pre-judgment and post-judgment interest; (5) contest the imposition of the maximum civil penalty allowable under the law; or (6) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

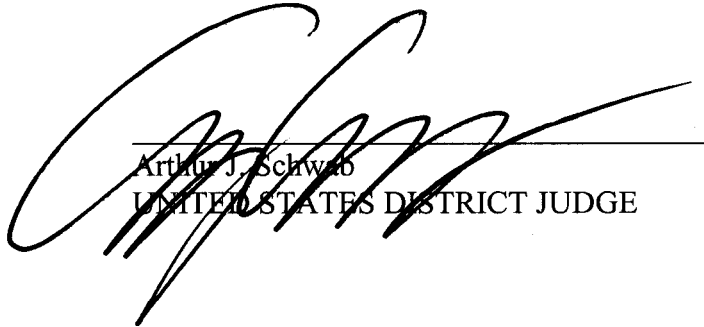
## VI.

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

VII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.

Dated: July 8, 2005

  
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Arthur J. Schwab  
UNITED STATES DISTRICT JUDGE