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**UNITED STATES DISTRICT COURT**  
**CENTRAL DISTRICT OF CALIFORNIA**  
**SANTA ANA DIVISION**

12 SECURITIES AND EXCHANGE  
13 COMMISSION,

14 Plaintiff,

15 vs.

16 REAL ESTATE PARTNERS, INC.;  
17 REAL ESTATE PARTNERS INCOME  
18 FUND I, LLC; REAL ESTATE  
19 PARTNERS INCOME FUND II, BT;  
20 REAL ESTATE PARTNERS INCOME  
21 FUND III, BT; REAL ESTATE  
22 PARTNERS UNIT INVESTMENT  
23 BUSINESS TRUST I; REAL ESTATE  
24 PARTNERS UNIT INVESTMENT  
25 BUSINESS TRUST II; REAL ESTATE  
26 PARTNERS EQUITY FUND, BT;  
27 REAL ESTATE PARTNERS GROWTH  
28 FUND, BT; DAWSON DAVENPORT;  
WILLIAM P. OWENS; DONALD G.  
RYAN; WILLIAM Sanders; WILLIAM  
L. SANDERS; WILLIAM SANDERS;  
and DANNY RAYBURN,

Defendants.

Case No.: SACV 07-1022 AG (RNBx)

**FINAL JUDGMENT AS TO  
DEFENDANT RICHARD MCGILL**

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

7 **I.**

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

- 14 (a) Unless a registration statement is in effect as to a security, making use  
15 of any means or instruments of transportation or communication in  
16 interstate commerce or of the mails to sell such security through the  
17 use or medium of any prospectus or otherwise;
- 18 (b) Unless a registration statement is in effect as to a security, carrying or  
19 causing to be carried through the mails or in interstate commerce, by  
20 any means or instruments of transportation, any such security for the  
21 purpose of sale or for delivery after sale; or
- 22 (c) Making use of any means or instruments of transportation or  
23 communication in interstate commerce or of the mails to offer to sell  
24 or offer to buy through the use or medium of any prospectus or  
25 otherwise any security, unless a registration statement has been filed  
26 with the Commission as to such security, or while the registration  
27 statement is the subject of a refusal order or stop order or (prior to the  
28 effective date of the registration statement) any public proceeding or

1 examination under Section 8 of the Securities Act, 15 U.S.C. § 77h.  
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3 **II.**

4 **IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that  
5 Defendant and Defendant's agents, servants, employees, attorneys, and all persons  
6 in active concert or participation with them who receive actual notice of this Final  
7 Judgment by personal service or otherwise are permanently restrained and enjoined  
8 from violating Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a), by making  
9 use of the mails or any means or instrumentality of interstate commerce to effect  
10 any transaction, or to induce or attempt to induce the purchase or sale of, any  
11 security, without being registered as a broker or dealer in accordance with Section  
12 15(b) of the Exchange Act, 15 U.S.C. § 78o(b).

13 **III.**

14 **IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that  
15 Defendant is liable for disgorgement of \$679,665, representing profits gained as a  
16 result of the conduct alleged in the Complaint, together with prejudgment interest  
17 thereon in the amount of \$38,277, for a total of \$717,942. Based on Defendant's  
18 sworn representations in his Statement of Financial Condition dated September 29,  
19 2007, and other documents and information submitted to the Commission,  
20 however, the Court is not ordering Defendant to pay a civil penalty and payment of  
21 all of the disgorgement and pre-judgment interest thereon is waived. The  
22 determination not to impose a civil penalty and to waive payment of the  
23 disgorgement and pre-judgment interest is contingent upon the accuracy and  
24 completeness of Defendant's Statement of Financial Condition. If at any time  
25 following the entry of this Final Judgment the Commission obtains information  
26 indicating that Defendant's representations to the Commission concerning his  
27 assets, income, liabilities, or net worth were fraudulent, misleading, inaccurate, or  
28 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,

1 petition the Court for an order requiring Defendant to pay the unpaid portion of the  
2 disgorgement, pre-judgment and post-judgment interest thereon, and the maximum  
3 civil penalty allowable under the law. In connection with any such petition, the  
4 only issue shall be whether the financial information provided by Defendant was  
5 fraudulent, misleading, inaccurate, or incomplete in any material respect as of the  
6 time such representations were made. In its petition, the Commission may move  
7 this Court to consider all available remedies, including, but not limited to, ordering  
8 Defendant to pay funds or assets, directing the forfeiture of any assets, or sanctions  
9 for contempt of this Final Judgment. The Commission may also request additional  
10 discovery. Defendant may not, by way of defense to such petition: (1) challenge  
11 the validity of the Consent or this Final Judgment; (2) contest the allegations in the  
12 Complaint filed by the Commission; (3) assert that payment of disgorgement, pre-  
13 judgment and post-judgment interest or a civil penalty should not be ordered; (4)  
14 contest the amount of disgorgement and pre-judgment and post-judgment interest;  
15 (5) contest the imposition of the maximum civil penalty allowable under the law;  
16 or (6) assert any defense to liability or remedy, including, but not limited to, any  
17 statute of limitations defense.

18 **IV.**

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

23 **V.**

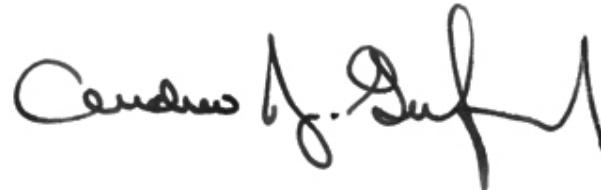
24 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this  
25 Court shall retain jurisdiction of this matter for the purposes of enforcing the terms  
26 of this Final Judgment.

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28 **VI.**

1 There being no just reason for delay, pursuant to Rule 54(b) of the Federal  
2 Rules of Civil Procedure, the Clerk is ordered to enter this Final Judgment  
3 forthwith and without further notice.  
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5 Dated: June 5, 2008  
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8 HONORABLE ANDREW J. GUILFORD  
9 UNITED STATES DISTRICT JUDGE  
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