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

ENTERED
CLERK, U.S. DISTRICT COURT
AUG 21 2000
CENTRAL DISTRICT OF CALIFORNIA
DEPUTY
BY

11
12 _____ :
SECURITIES AND EXCHANGE COMMISSION, :
13 Plaintiff, :
14 v. :
15 JEFFREY P. SUDIKOFF, EDWARD :
CHERAMY and RUDY WANN, :
16 :
17 Defendants. :
18 _____ :

Civil Action No. 97-7207 DDP (RCx)
[PROPOSED] FINAL JUDGMENT
OF PERMANENT INJUNCTION
AND OTHER RELIEF AGAINST
DEFENDANT EDWARD CHERAMY

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

28 having consented to the entry of this Final Judgment Of Permanent

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1 Injunction And Other Relief Against Defendant Edward Cheramy
2 ("Final Judgment"), without admitting or denying the allegations
3 of the First through Fifth Claims or the Seventh Claim for Relief
4 in the Complaint except as specifically set forth in the Consent
5 Of Defendant Edward Cheramy To Entry Of Final Judgment Of
6 Permanent Injunction And Other Relief ("Consent"); and no notice
7 of hearing upon the entry of this Final Judgment being necessary:

8 I.

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

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

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

1 thereunder [17 C.F.R. § 240.10b-5].

2 II.

3 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant
4 Cheramy and his agents, servants, employees and attorneys, and
5 all persons in active concert or participation with any of them,
6 who receive actual notice of this Final Judgment by personal
7 service or otherwise, and each of them, are permanently
8 restrained and enjoined from filing, or causing to be filed,
9 current reports with the Commission on Forms 8-K that fail to
10 contain material information necessary to make the required
11 statements in the Forms 8-K, in light of the circumstances under
12 which they were made, not misleading, in violation of Section
13 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 12b-20
14 and 13a-11 thereunder [17 C.F.R. §§ 240.12b-20 & 240.13a-11].

15 III.

16 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant
17 Cheramy and his agents, servants, employees and attorneys, and
18 all persons in active concert or participation with any of them,
19 who receive actual notice of this Final Judgment by personal
20 service or otherwise, and each of them, are permanently
21 restrained and enjoined from filing, or causing to be filed,
22 quarterly reports with the Commission on Forms 10-Q that fail to
23 contain material information necessary to make the required
24 statements in the Forms 10-Q, in light of the circumstances under
25 which they were made, not misleading, in violation of Section
26 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 12b-20
27 and 13a-13 thereunder [17 C.F.R. §§ 240.12b-20 & 240.13a-13].

28 *

1 IV.

2 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant
3 Cheramy and his agents, servants, employees and attorneys, and
4 all persons in active concert or participation with any of them,
5 who receive actual notice of this Final Judgment by personal
6 service or otherwise, and each of them, are permanently
7 restrained and enjoined from knowingly circumventing or knowingly
8 failing to implement a system of internal accounting controls or
9 knowingly falsifying books, records or accounts required to be
10 kept by an issuer, in violation of Section 13(b)(5) of the
11 Exchange Act [15 U.S.C. § 78m(b)(5)] and Rule 13b2-1 thereunder
12 [17 C.F.R. § 240.13b2-1].

13 V.

14 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant
15 Cheramy and his agents, servants, employees and attorneys, and
16 all persons in active concert or participation with any of them,
17 who receive actual notice of this Final Judgment by personal
18 service or otherwise, and each of them, are permanently
19 restrained and enjoined from, directly or indirectly, while an
20 officer or director of an issuer:

21 (a) making or causing to be made a materially false or
22 misleading statement; or

23 (b) omitting to state, or causing another person to omit to
24 state, any material fact necessary in order to make
25 statements made, in light of the circumstances under
26 which such statements were made, not misleading to an
27 accountant in connection with:

28 (1) an audit or examination of the financial

1 statements of the issuer required to be made, or
2 (2) the preparation or filing of any document or
3 report required to be filed with the Commission;
4 in violation of Rule 13b2-2 under the Exchange Act [17 C.F.R. §
5 240.13b2-2].

6 VI.

7 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant
8 Cheramy and his agents, servants, employees and attorneys, and
9 all persons in active concert or participation with any of them,
10 who receive actual notice of this Final Judgment by personal
11 service or otherwise, and each of them, are permanently
12 restrained and enjoined from, while directly or indirectly the
13 beneficial owner of more than ten percent of any class of any
14 equity security which is registered pursuant to Section 12 of the
15 Exchange Act, or while a director or officer of the issuer of any
16 such security, failing within ten days after the close of a
17 calendar month when there have been changes in his beneficial
18 ownership of an issuer's stock during such month, to file with
19 the Commission statements on Form 4 indicating his ownership of
20 the stock at the close of the calendar month and such changes in
21 his ownership that have occurred during the calendar month, in
22 violation of Section 16(a) of the Exchange Act [15 U.S.C. §
23 78p(a)] and Rule 16a-3 thereunder [17 C.F.R. § 240.16a-3].

24 VII.

25 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant
26 Cheramy is assessed, and shall pay, a third tier civil penalty of
27 \$100,000 under Section 21(d)(3) of the Exchange Act [15 U.S.C.
28 § 78u(d)(3)] to the Commission for delivery to the United States

1 Treasury. The civil penalty payment shall be made within thirty
2 days of entry of this Final Judgment by cashier's check,
3 certified check or postal money order, made payable to the United
4 States Treasury, and shall be transmitted to the Comptroller,
5 Securities and Exchange Commission, 450 Fifth Street, N.W., Stop
6 0-3, Washington, D.C. 20549, under cover of a letter that
7 identifies the defendant, the name and case number of this
8 litigation, and the court. A copy of such cover letter shall be
9 simultaneously transmitted to counsel for the Commission in this
10 action at its Los Angeles office.

11 VIII.

12 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant
13 Cheramy, pursuant to Section 21(d)(2) of the Exchange Act [15
14 U.S.C. § 78u(d)(2)], is prohibited for a period of ten years from
15 the date of entry of this Final Judgment from serving as an
16 officer or director of any issuer that has a class of securities
17 registered with the Commission pursuant to Section 12 of the
18 Exchange Act [15 U.S.C. § 78l], or that is required to file
19 reports with the Commission pursuant to Section 15(d) of the
20 Exchange Act [15 U.S.C. § 78o(d)].

21 IX.

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

27 X.

28 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the

1 Commission's Sixth Claim For Relief set forth in its Complaint
2 For Permanent Injunctions And Other Relief Filed September 30,
3 1997, is dismissed, with prejudice, as to Defendant Cheramy only,
4 and that the following portions of the Complaint are stricken:

- 5 a. the words "Cheramy and" on page 2, line 14, in
- 6 paragraph 3;
- 7 b. the first clause of the final sentence of paragraph 3,
- 8 which clause appears on lines 18-19 of page 2;
- 9 c. the words "and Cheramy" on page 3, line 22;
- 10 d. the words "Cheramy and" on page 5, line 8;
- 11 e. lines 12-14 on page 6; and
- 12 f. the second and third sentences of paragraph 16, on page
- 13 6.

14 XI.

15 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court
16 shall retain jurisdiction over this action for all purposes,
17 including to determine the liability of any remaining defendants
18 in this action, to implement and enforce the terms of this Final
19 Judgment and other orders and decrees which may be entered
20 herein, and to grant such other relief as this Court may deem
21 necessary and just.

22 * * * * *

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

26
27 DATED: 8-20

28 
HONORABLE DEAN D. PREGERSON
UNITED STATES DISTRICT JUDGE

CERTIFICATE OF SERVICE

I, Magnolia M. Marcelo, am the over the age of 18 years, not a party to this action, and am a citizen of the United States. My business address is 5670 Wilshire Boulevard, 11th Floor, Los Angeles, California 90036. On July 18, 2000, at the direction of a member of the bar of this Court, I served the document entitled [PROPOSED] FINAL JUDGMENT OF PERMANENT INJUNCTION AND OTHER RELIEF AGAINST DEFENDANT EDWARD CHERAMY by causing to be mailed a true and correct copy thereof in a sealed envelope, postage prepaid, to:

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Los Angeles, CA 90067-3208

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Harriet B. Leva, Esq.
O'Neill, Lysaght & Sun LLP
100 Wilshire Boulevard, Suite 700
Santa Monica, CA 90401-1142

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

Dated: July 18, 2000

Magnolia M. Marcelo
Magnolia M. Marcelo