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**ADJUDGED**  
MAR 12 1999

*Europe JS-6*  
**FILED**  
APR - 7 1999

**ENTERED**  
APR 14 1999  
CLERK, U.S. DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
SANTA ANA OFFICE  
DEPUTY

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
SOUTHERN DIVISION

CLERK, U.S. DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
SANTA ANA OFFICE  
**FILED**  
APR 12 1999

SECURITIES AND EXCHANGE COMMISSION,  
  
Plaintiff,  
  
v.  
  
DAVID A. COLVIN; INTELLINET  
PUBLISHING, INC.; INTELLINET  
HOLDING GROUP, INC.; MEDICAL  
ADVANTAGE, INC.; LAMELLI, INC.  
a/k/a LAMELLI MEDICAL TECHNOLOGY,  
INC.; WALL STREET RESEARCH  
COMPANY, INC.; JOB KJELL HOVIK;  
LAMAR ELLIS; and JOHN LARSON  
a/k/a JOHN ST. JOHN,  
  
Defendants.

Civil Action No.  
SA98-135 AHS (EEx)  
  
~~PROPOSED~~ ~~REVISED~~  
ORDER GRANTING  
MOTION BY PLAINTIFF  
SECURITIES AND EXCHANGE  
COMMISSION FOR SUMMARY  
JUDGMENT; FINAL JUDGMENT  
OF PERMANENT INJUNCTION  
AND DISGORGEMENT AND  
IMPOSING CIVIL PENALTIES  
AGAINST DEFENDANT DAVID  
A. COLVIN; FINAL JUDGMENT  
OF DISGORGEMENT AND  
IMPOSING CIVIL PENALTIES  
AGAINST DEFENDANTS JOB  
KJELL HOVIK, LAMAR ELLIS  
AND JOHN LARSON A/K/A  
JOHN ST. JOHN

This matter came to be heard on March 8, 1999, upon the  
motion by Plaintiff Securities and Exchange Commission  
("Commission") for summary judgment against Defendants David A.  
Colvin ("Colvin"), Job Kjell Hovik ("Hovik"), Lamar Ellis  
("Ellis") and John Larson a/k/a John St. John ("Larson")  
regarding all remaining issues in the action against them.

✓ Docketed  
✓ Mid copy Prys  
✓ Mid Notice Prys  
✓ JS - 6

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1 The Court, having considered the Commission's statement of  
2 uncontroverted facts and conclusions of law, the declarations and  
3 exhibits submitted regarding the motion, the Commission's  
4 memorandum of points and authorities, and all other evidence,  
5 memoranda and argument presented in favor of and in opposition to  
6 the Commission's motion:

7 I.

8 IT IS HEREBY ORDERED, ADJUDGED AND DECREED that the  
9 Commission's motion for summary judgment is GRANTED.

10 II.

11 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant  
12 Colvin and his agents, servants, employees, attorneys, and those  
13 persons in active concert or participation with any of them, who  
14 receive actual notice of this Final Judgment, by personal service  
15 or otherwise, and each of them, be and hereby are permanently  
16 restrained and enjoined from, directly or indirectly:

17 A. making use of any means or instruments of  
18 transportation or communication in interstate commerce  
19 or of the mails to sell any security, through the use  
20 or medium of any prospectus or otherwise, unless and  
21 until a registration statement is in effect as to such  
22 security;

23 B. carrying or causing to be carried through the mails or  
24 in interstate commerce, by any means or instruments of  
25 transportation, for the purpose of sale or for delivery  
26 after sale, any security, unless and until a  
27 registration statement is in effect as to such  
28 security; or

1 C. making use of any means or instruments of  
2 transportation or communication in interstate commerce  
3 or of the mails to offer to sell or offer to buy,  
4 through the use or medium of any prospectus or  
5 otherwise, any security, unless and until a  
6 registration statement has been filed with the  
7 Commission as to such security, or while a registration  
8 statement as to such security is the subject of a  
9 refusal order or stop order or (prior to the effective  
10 date of the registration statement) any public  
11 proceeding of examination under Section 8 of the  
12 Securities Act [15 U.S.C. § 77h];

13 in violation of Sections 5(a) and 5(c) of the Securities Act of  
14 1933 ("Securities Act") [15 U.S.C. §§ 77e(a) & 77e(c)].

15 III.

16 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant  
17 Colvin and his agents, servants, employees, attorneys, and those  
18 persons in active concert or participation with any of them, who  
19 receive actual notice of this Final Judgment, by personal service  
20 or otherwise, and each of them, be and hereby are permanently  
21 restrained and enjoined from, directly or indirectly, in the  
22 offer or sale of any securities, by the use of any means or  
23 instruments of transportation or communication in interstate  
24 commerce or by the use of the mails:

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

26 B. obtaining money or property by means of any untrue  
27 statement of a material fact or any omission to state a  
28 material fact necessary in order to make the statements

1 made, in the light of the circumstances under which  
2 they were made, not misleading; or

3 C. engaging in any transaction, practice, or course of  
4 business which operates or would operate as a fraud or  
5 deceit upon the purchaser;

6 in violation of Section 17(a) of the Securities Act [15 U.S.C.  
7 § 77q(a)].

8 IV.

9 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant  
10 Colvin and his agents, servants, employees, attorneys, and those  
11 persons in active concert or participation with any of them, who  
12 receive actual notice of this Final Judgment, by personal service  
13 or otherwise, and each of them, be and hereby 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 to  
21 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 V.

3 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant  
4 Colvin and his agents, servants, employees, attorneys, and those  
5 persons in active concert or participation with any of them, who  
6 receive actual notice of this Final Judgment, by personal service  
7 or otherwise, and each of them, be and hereby are permanently  
8 restrained and enjoined from making use of the mails or any means  
9 or instrumentality of interstate commerce to effect any  
10 transactions in, or to induce or attempt to induce the purchase  
11 or sale of, any security, without being registered as a broker  
12 and/or dealer pursuant to Section 15(b) of the Exchange Act [15  
13 U.S.C. § 78o(b)], in violation of Section 15(a)(1) of the  
14 Exchange Act [15 U.S.C. § 78o(a)(1)].

15 VI.

16 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendants  
17 Colvin, Hovik, Ellis and Larson shall pay disgorgement in the  
18 following amounts, representing their respective ill-gotten  
19 gains, together with prejudgment interest thereon: (1) Defendant  
20 Colvin shall pay disgorgement in the amount of \$939,459, together  
21 with prejudgment interest thereon in the amount of \$52,035.72, a  
22 total of \$991,494.72; (2) Defendant Hovik shall pay disgorgement  
23 in the amount of \$397,265.50, together with prejudgment interest  
24 thereon in the amount of \$22,004.15, a total of \$419,269.65; (3)  
25 Defendant Ellis shall pay disgorgement in the amount of \$47,644,  
26 together with prejudgment interest thereon in the amount of  
27 \$3,365.42, a total of \$51,009.42; and (4) Defendant Larson shall  
28 pay disgorgement in the amount of \$224,513, together with

1 | prejudgment interest thereon in the amount of \$12,435.56, a total  
2 | of \$236,948.56. Each Defendant shall, within five days of the  
3 | entry of this Final Judgment, pay his ordered disgorgement and  
4 | prejudgment interest by cashier's check, certified check or  
5 | postal money order made payable to James H. Donell, Receiver, who  
6 | was appointed Receiver for Defendants Intellinet Publishing, Inc.  
7 | ("Intellinet"); Intellinet Holding Group, Inc. ("IHGI"); Medical  
8 | Advantage, Inc. ("Medical Advantage"); Lamelli, Inc. a/k/a  
9 | Lamelli Medical Technology, Inc. ("Lamelli"); and Wall Street  
10 | Research Company, Inc. ("WSRCI") by this Court's Order Of  
11 | Preliminary Injunction And Orders: (1) Continuing Freeze Of  
12 | Assets And (2) Prohibiting The Destruction Of Documents As To  
13 | Defendants David A. Colvin; Intellinet Publishing, Inc.;  
14 | Intellinet Holding Group, Inc.; Medical Advantage, Inc.; Lamelli,  
15 | Inc. a/k/a Lamelli Medical Technology, Inc.; Wall Street Research  
16 | Company, Inc. And Job Kjell Hovik; And (3) Appointing A Permanent  
17 | Receiver entered March 16, 1998 ("Preliminary Injunction"). Each  
18 | such cashier's check, certified check or postal money order shall  
19 | be transmitted to James H. Donell, Receiver, 12121 Wilshire  
20 | Boulevard, Suite 200, Los Angeles, CA 90025. A copy of each  
21 | such cashier's check, certified check or postal money order shall  
22 | be simultaneously transmitted to counsel for the Commission at  
23 | its Los Angeles Office.

24 | VII.

25 | IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendants  
26 | Colvin, Hovik, Ellis and Larson, pursuant to Sections 20(d) of  
27 | the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of  
28 | the Exchange Act [15 U.S.C. § 78u(d)(3)], shall pay third-tier

1 civil penalties in the following amounts: (1) Colvin shall pay a  
2 third-tier civil penalty in the amount of \$939,459; (2) Hovik  
3 shall pay a third-tier civil penalty in the amount of  
4 \$397,265.50; (3) Ellis shall pay a third-tier civil penalty in  
5 the amount of \$47,644; and (4) Larson shall pay a third-tier  
6 civil penalty in the amount of \$224,513. Colvin, Hovik, Ellis  
7 and Larson shall pay such penalties within five days of the entry  
8 of this Final Judgment by cashier's check, certified check or  
9 postal money order, made payable to the United States Treasury,  
10 which cashier's check, certified check or postal money order  
11 shall be transmitted to the Comptroller, Securities and Exchange  
12 Commission, 450 Fifth Street, N.W., Stop 0-3, Washington, D.C.  
13 20549, under cover of a letter which identifies the defendant,  
14 the name and case number of this litigation and the name of the  
15 Court. A copy of the cover letter shall be simultaneously  
16 transmitted to counsel for the Commission at its Los Angeles  
17 office.

18 VIII.

19 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that except as  
20 otherwise ordered by this Court, Defendants Colvin and Hovik and  
21 their agents, servants, employees, attorneys, and those persons  
22 in active concert or participation with any of them, who receive  
23 actual notice of this Final Judgment, by personal service or  
24 otherwise, and each of them, be and hereby are restrained and  
25 enjoined from, until the ordered disgorgement, prejudgment  
26 interest and penalties have been paid, except to turn over assets  
27 or monies to the Receiver or to the Commission to satisfy this  
28 Final Judgment, directly or indirectly:

1 A. transferring, assigning, selling, hypothecating,  
2 changing, wasting, dissipating, converting, concealing,  
3 encumbering, otherwise disposing of, in any manner, or  
4 exercising any control over any funds, assets, claims,  
5 or other property or assets in which Colvin and/or  
6 Hovik have an ownership or beneficial interest, or  
7 which Colvin and/or Hovik possess, have custody of, or  
8 directly or indirectly control; or

9 B. transferring, assigning, selling, hypothecating,  
10 encumbering, otherwise disposing of or exercising any  
11 control over any securities, or exercising any  
12 management or control rights associated with any  
13 securities, including, but not limited to, any notes,  
14 investment contracts or other securities of Intellinet,  
15 IHGI, Medical Advantage or Lamelli, or any subsidiary  
16 or affiliate of Intellinet, IHGI, Medical Advantage,  
17 and/or Lamelli, which affiliates include but are not  
18 limited to, Tri Continental Entertainment Corporation  
19 ("Tri Continental"), Fordast Corporation ("Fordast"),  
20 R.A.C. International, Inc. ("RAC"), and any trusts for  
21 which Defendant Colvin was Trustee.

22 IX.

23 IT IS FURTHER ORDERED that the freeze placed on all monies,  
24 property, assets and securities (with an allowance for necessary  
25 and reasonable living expenses to be granted only upon good cause  
26 shown by application to the Court with notice to and an  
27 opportunity for the Commission to be heard) pursuant to the  
28 Temporary Restraining Order And Orders: (1) Freezing Assets; (2)

1 Prohibiting The Destruction Of Documents; Appointing A Temporary  
2 Receiver; And (4) For Accountings; And Order To Show Cause Re  
3 Preliminary Injunction And Appointment Of A Permanent Receiver  
4 issued February 20, 1998 ("TRO"), and continued by the  
5 Preliminary Injunction, shall continue in full force and effect,  
6 until the ordered disgorgement, prejudgment interest and  
7 penalties have been paid by Colvin and Hovik, except to allow the  
8 turnover of funds and/or assets to the Receiver and/or Commission  
9 to satisfy this Final Judgment, over all accounts and safe  
10 deposit boxes at any bank, financial institution or brokerage  
11 firm, all certificates of deposit, other funds, property, assets,  
12 or securities held in the name of, for the benefit of, or over  
13 which account authority is held by:

- 14 A. David A. Colvin;
- 15 B. Intellinet Publishing, Inc.;
- 16 C. Intellinet Holding Group, Inc.;
- 17 D. Medical Advantage, Inc.;
- 18 E. Lamelli, Inc. a/k/a Lamelli Medical Technology, Inc.;
- 19 F. Wall Street Research Company, Inc.; or
- 20 G. any trust, person, or entity, affiliated with them,  
21 including but not limited to Tri Continental, Fordast, RAC, and  
22 any trusts for which Defendant Colvin is Trustee, which accounts  
23 include, but are not limited to, the accounts and safe deposit  
24 box(es) set forth below:

25 \*

26 \*

27 \*

28 \*

<u>Bank Name</u>	<u>Account Name</u>	<u>Account No.</u>
Bank of America	David A. Colvin	07579-0079
American Express	David A. Colvin	3728-4691-47-61008
Citibank	David A. Colvin	4128-0028-1954-3617

Except as otherwise ordered by this Court, any financial or brokerage institution or other person or entity holding any funds or other assets in the name, for the benefit, or under the control of any person or entity listed above in this paragraph, which receives actual notice of this Final Judgment by personal service, express courier service, telefax or otherwise, shall immediately transfer such funds and/or assets to the Receiver, except to the extent that the Receiver confirms in writing to such entity or person that the value of those funds and/or assets exceeds the amount of disgorgement, prejudgment interest and civil penalties owed by Defendants Colvin and/or Hovik. Defendants Colvin and Hovik shall execute all documents necessary for such transfers to be completed, and for completion of any other transfers to the Receiver of funds or assets necessary to completely satisfy the amounts of disgorgement, prejudgment interest and penalties ordered paid by this Final Judgment.

X.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that, except as otherwise ordered by this Court, Defendants Colvin and Hovik, and their agents, servants, employees, attorneys, and those persons in active concert or participation with any of them, who receive actual notice of this Final Judgment, by personal service or

1 otherwise, and each of them, be and hereby are permanently  
2 restrained and enjoined from, directly or indirectly:  
3 destroying, mutilating, concealing, transferring, altering, or  
4 otherwise disposing of, in any manner, any documents, which  
5 includes all books, records, computer programs, computer files,  
6 computer printouts, correspondence, memoranda, brochures, or any  
7 other documents of any kind in their possession, custody or  
8 control, however created, produced, or stored (manually,  
9 mechanically, electronically, or otherwise), pertaining in any  
10 manner to Defendants Intellinet, IHGI, Medical Advantage,  
11 Lamelli, or WSRCI, or any of their subsidiaries and affiliates,  
12 including but not limited to, Tri Continental, Fordast, RAC, and  
13 any trusts for which Defendant Colvin is a Trustee.

14 XI.

15 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that paragraphs  
16 IX through XVI of the Preliminary Injunction, which govern the  
17 conduct of the receivership in this action, shall remain in full  
18 force and effect until further order of this Court.

19 XII.

20 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court  
21 shall retain jurisdiction over this action for the purpose of  
22 implementing and carrying out the terms of all orders and decrees  
23 which may be entered herein and to entertain any suitable  
24 application or motion for additional relief within the  
25 jurisdiction of this Court.

26 \*

27 \*

28 \*

\* \* \* \* \*

There being no just reason for delay, the Clerk of the Court is hereby directed, pursuant to Fed. R. Civ. P. 54(b) to enter this Judgment forthwith.

IT IS SO ORDERED.

DATED:

4-<sup>12</sup>/~~8~~-99  
AHS

*Alicemarie H. Stotler*  
HONORABLE ALICEMARIE H. STOTLER  
UNITED STATES DISTRICT JUDGE

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CERTIFICATE OF SERVICE

I, Magnolia M. Marcelo, am over the age of eighteen years, am 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 March 12, 1999, I caused to be served the [CORRECTED REVISED PROPOSED] ORDER GRANTING MOTION BY PLAINTIFF SECURITIES AND EXCHANGE COMMISSION FOR SUMMARY JUDGMENT; FINAL JUDGMENT OF PERMANENT INJUNCTION AND DISGORGEMENT AND IMPOSING CIVIL PENALTIES AGAINST DEFENDANT DAVID A. COLVIN; FINAL JUDGMENT OF DISGORGEMENT AND IMPOSING CIVIL PENALTIES AGAINST DEFENDANTS JOB KJELL HOVIK, LAMAR ELLIS AND JOHN LARSON A/K/A JOHN ST. JOHN by causing to be mailed true and correct copies thereof in sealed envelopes, postage prepaid, addressed to:

F. Thomas Eck III, Esq. (also served by telefacsimile)  
700 Franklin Street  
Napa, CA 94559

H Thomas Fehn, Esq. (also served by telefacsimile)  
Fields, Fehn & Sherwin  
11755 Wilshire Boulevard  
15th Floor  
Los Angeles, CA 90025

Daniel Alberstone, Esq.  
Alschuler Grossman Stein & Kahan LLP  
2049 Century Park East, 39th Floor  
Los Angeles, CA 90067

Cathe Caraway, Esq.  
3530 Wilshire Boulevard  
Suite 1065  
Los Angeles, CA 90010

Lamar Ellis  
218 Lincoln Avenue  
Pomona, CA 91767

Richard M. Hewitt, Esq.  
600 East Las Colinas Boulevard  
Suite 1314  
Irving, TX 75039

1 John Larson  
8530 Wilshire Boulevard  
2 No. 404  
Beverly Hills, CA 90211  
3

4 Job Kjell Hovik  
8515 Via Mallorca  
La Jolla, CA 92307  
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6 I declare under penalty of perjury that the foregoing is  
7 true and correct.

8 Dated: March 12, 1999  
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Magnolia M. Marcelo  
Magnolia M. Marcelo

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