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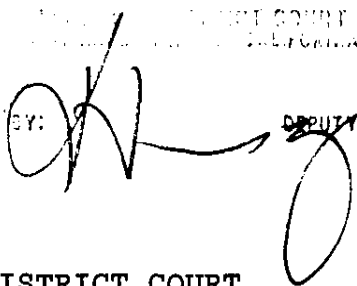
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DEPUTY CLERK  
 BY: 

UNITED STATES DISTRICT COURT  
 SOUTHERN DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE COMMISSION,  
  
 Plaintiff,  
  
 vs.  
  
 Timothy J. Lyons,  
  
 Defendant.

Case No. 98 CV 1471TW RBB

FINAL JUDGMENT OF PERMANENT  
 INJUNCTION AND OTHER RELIEF  
 AGAINST DEFENDANT TIMOTHY J.  
 LYONS

Plaintiff Securities and Exchange Commission ("Commission"),  
 having filed and served upon Defendant Timothy J. Lyons ("Lyons") a  
 Summons and First Amended Complaint ("Amended Complaint") in this  
 action; Lyons having admitted service upon him of the Summons and  
 Amended Complaint in this action and the jurisdiction of this Court  
 over him and over the subject matter of this action; having been  
 fully advised and informed of his right to a judicial determination  
 of this matter; having waived the entry of findings of fact and  
 conclusions of law as provided by Rule 52 of the Federal Rules of  
 Civil Procedure; having consented to the entry of this Final  
 Judgment Of Permanent Injunction And Other Relief Against Defendant

ENTERED ON

6-13-00

CV 1471TW RBB

1 Timothy J. Lyons ("Final Judgment"), without admitting or denying  
2 the allegations in the Amended Complaint except as specifically set  
3 forth in the Consent Of Defendant Timothy J. Lyons To Entry Of Final  
4 Judgment Of Permanent Injunction And Other Relief ("Consent"); no  
5 notice of hearing upon the entry of this Final Judgment being  
6 necessary; and this Court being fully advised:

7 I.

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

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

18 B. making any untrue statement of a material fact or  
19 omitting to state a material fact necessary in order to  
20 make the statements made, in the light of the  
21 circumstances under which they were made, not misleading;  
22 or

23 C. engaging in any act, practice, or course of business  
24 which operates or would operate as a fraud or deceit upon  
25 any person;

26 in violation of Section 10(b) of the Securities Exchange Act of  
27 1934 [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R.  
28 § 240.10b-5].

**II.**

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Lyons and his agents, servants, employees and attorneys, and all persons in active concert or participation with any of them, who receive actual notice of this Final Judgment by personal service or otherwise, and each of them, are permanently restrained and enjoined from, by the use of the mails or any means or instrumentality of interstate commerce, directly or indirectly, while acting as an investment adviser:

A. employing any devices, schemes, or artifices to defraud any client or prospective client; and

B. engaging in any transaction, practice or course of business which operates as a fraud or deceit upon any client or prospective client;

in violation of Sections 206(1) and 206(2) of the Investment Advisers Act of 1940 ("Advisers Act") [15 U.S.C. §§ 80b-6(1) & 80b-6(2)].

**III.**

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Lyons and his agents, servants, employees and attorneys, and all persons in active concert or participation with any of them, who receive actual notice of this Final Judgment by personal service or otherwise, and each of them, are permanently restrained and enjoined from aiding and abetting the failure of any investment adviser who makes use of the mails or of any means or instrumentality of interstate commerce in connection with his, her or its business as an investment adviser to (1) make and keep for prescribed periods such records (as defined in Section 3(a)(37) of the Exchange Act), (2) furnish such copies thereof, and (3) make and disseminate such reports as the

1 Commission, by rule, may prescribe as necessary or appropriate in  
2 the public interest or for the protection of investors in violation  
3 of Section 204 of the Advisers Act [15 U.S.C. § 80b-4], including  
4 but not limited to records of every transaction in a security in  
5 which the investment adviser or any advisory representatives has or  
6 acquires any direct or indirect beneficial ownership, as required by  
7 Rule 204-2(a)(12) thereunder [17 C.F.R. § 275.204-2(a)(12)].

8 **IV.**

9 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Lyons pay  
10 disgorgement in the amount of \$929,601.30, plus pre-judgment  
11 interest calculated pursuant to 28 U.S.C. § 1961. Based upon Lyons'  
12 sworn representations in his Statement of Financial Condition dated  
13 February 5, 2000, and submitted to the Commission, payment of all  
14 but \$24,000 of the disgorgement and interest is waived.  
15 Additionally, based upon Lyons' sworn representations in his  
16 Statement of Financial Condition, this Court is not ordering Lyons  
17 to pay a civil penalty pursuant to Section 21(d)(3) of the Exchange  
18 Act [15 U.S.C. § 78u(d)(3)] or Section 209(e) of the Advisers Act  
19 [15 U.S.C. § 80b-9(e)]. The partial waiver of disgorgement and  
20 interest and the determination not to assess a civil penalty are  
21 contingent upon the accuracy and completeness of Lyons' Statement of  
22 Financial Condition. If at any time following the entry of this  
23 Final Judgment the Commission obtains information indicating that  
24 Lyons' representations to the Commission concerning his assets,  
25 income, liabilities, or net worth were fraudulent, misleading,  
26 inaccurate or incomplete in any material respect as of the time such  
27 representations were made, the Commission may, at its sole  
28 discretion and without prior notice to Lyons, petition this Court

1 for an order modifying this Final Judgment to require payment of  
2 additional disgorgement, and pre-judgment and post-judgment interest  
3 thereon, and civil money penalties. In connection with any such  
4 petition, the only issues shall be whether the financial information  
5 provided by Lyons was fraudulent, misleading, inaccurate or  
6 incomplete in any material respect as of the time such  
7 representations were made, and the amount of the civil penalty to be  
8 imposed. In its petition, the Commission may move this Court to  
9 consider all available remedies, including, but not limited to,  
10 ordering Lyons to pay funds or assets, directing the surrender of  
11 any assets, or sanctions for contempt of this Final Judgment, and  
12 the Commission may also require additional discovery. Lyons may  
13 not, by way of defense to such petition, challenge the validity of  
14 his Consent or this Final Judgment, contest the allegations in the  
15 Amended Complaint filed by the Commission, the amount of  
16 disgorgement and interest, or assert that disgorgement, interest, or  
17 payment of a civil penalty should not be ordered.

18 **V.**

19 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Lyons shall  
20 pay the \$24,000 in disgorgement in sixteen quarterly payments of  
21 \$1,500 each. Lyons shall make the first payment of \$1,500 within  
22 ninety days of the date of entry of this Final Judgment, and each of  
23 the subsequent fifteen payments at ninety day intervals thereafter  
24 until the \$24,000 is paid. Lyons may, however, stipulate with the  
25 Commission to extend the due date on any individual payment not more  
26 than ninety days. Should the Commission decline to so stipulate,  
27 Lyons may apply to the Court for the extension, such extension to be  
28 granted only upon good cause shown by Lyons, with an opportunity for

1 the Commission to respond. Should Lyons fail to make any payment on  
2 the date it is required to be paid, the full \$929,601.30 in  
3 disgorgement, plus prejudgment interest and postjudgment interest  
4 thereon, shall become immediately due and payable without further  
5 order by this Court. All payments shall be paid by cashier's check,  
6 certified check or postal money order payable to the United States  
7 Securities and Exchange Commission, and shall be transmitted to the  
8 Comptroller, Securities and Exchange Commission, Operations Center  
9 6432 General Green Way, Stop 0-3, Alexandria, VA 22312, under cover  
10 of a letter that identifies the defendant, the name and case number  
11 of this litigation and the court. A copy of the cover letter shall  
12 be simultaneously transmitted to counsel for the Commission in this  
13 action at the Commission's Los Angeles office.

14 **VI.**

15 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the provisions  
16 of the Consent filed concurrently with this Final Judgment are  
17 incorporated by this reference, and that Lyons shall comply with all  
18 terms of his Consent.

19 **VII.**

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

26 \*\*


27 \*\*

28 \*\*

\* \* \* \* \*

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: 6/12/00

  
HONORABLE THOMAS J. WHELAN  
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 June 8, 2000, at the direction of a member of the bar of this Court, I served the document entitled **FINAL JUDGMENT OF PERMANENT INJUNCTION AND OTHER RELIEF AGAINST DEFENDANT TIMOTHY J. LYONS** by causing to be mailed a true and correct copy thereof in a sealed envelope, postage prepaid, to:

Brian D. Miller, Esq.  
Miller Milove & Kob  
The Koll Center  
501 West Broadway, Suite 720  
San Diego, CA 92101

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

Dated: June 8, 2000

Magnolia M. Marcelo  
Magnolia M. Marcelo