

UNITED STATES DISTRICT COURT  
DISTRICT OF COLUMBIA

SECURITIES AND EXCHANGE COMMISSION  
450 Fifth Street, N.W.  
Washington, D.C. 20549,

Plaintiff,

v.

William B. Lum,

Defendant.

99 0170

99 Civ. \_\_\_\_\_

FILED

FEB 12 1999

CLERK, U.S. DISTRICT COURT  
DISTRICT OF COLUMBIA

Final Judgment as to William B. Lum

Plaintiff Securities and Exchange Commission ("Commission"), having filed a Complaint ("Complaint"), and defendant William B. Lum ("Lum"), in his Consent and Undertakings ("Consent"), filed herewith, having entered a general appearance, having acknowledged receipt of the Complaint, having admitted the jurisdiction of the Court over him and the subject matter of this action, having waived the entry of findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure, and, solely for the purpose of this action, without admitting or denying the allegations of the Complaint (except as to jurisdiction to which he admits), having consented to the entry of this Final Judgment as to William B. Lum ("Final Judgment"); and it appearing that this Court has jurisdiction over Lum and the subject matter hereof, and the Court being fully advised in the premises,

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**I.**

**IT IS HEREBY ORDERED, ADJUDGED, AND DECREED** that Lum, his agents, servants, employees, and attorneys, and those persons in active concert or participation with any or all of them who receive actual notice of this Final Judgment by personal service or otherwise, and each of them, be and hereby are permanently restrained and enjoined from, in connection with the purchase or sale of any securities, directly or indirectly, by the use of any means or instrumentality of interstate commerce, or of the mails or of any facility of any national securities exchange:

- (1) employing any device, scheme or artifice to defraud;
- (2) making any untrue statement of a material fact or omitting 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
- (3) engaging in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person;

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

**II.**

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

- (1) making any untrue statement of a material fact or omitting 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 engaging in any fraudulent, deceptive, or manipulative acts or practices, in connection with any tender offer or request or invitation for tenders, or any solicitation of security holders in opposition to or in favor of any offer, request, or invitation;
- (2) if any person has taken a substantial step or steps to commence, or has commenced, a tender offer (the "offering person"), purchasing or selling or causing to be purchased or sold the securities sought in such tender offer or any security convertible into or exchangeable for any such securities or any option or right to obtain or to dispose of any of the foregoing securities, while in possession of material information relating to such tender offer which information he knows or has reason to know is nonpublic and which he knows or has reason to know was acquired directly or indirectly from the offering person, the issuer of the securities sought or to be sought by such tender offer, or any officer, director, partner, employee or any other person acting on behalf of the offering person or such issuer, unless, within a reasonable time prior to any purchase or sale, such information and its source is publicly disclosed by press release or otherwise; or
- (3) communicating material, nonpublic information relating to a tender offer which information he knows or has reason to know has been acquired directly or indirectly from the offering person, the issuer of the securities sought or to be sought in the

tender offer, or any person acting on behalf of the offering person or such issuer, to any other person under circumstances in which it is reasonably foreseeable that such communication is likely to result in the purchase or sale of securities in the manner described in subparagraph (2) above;

in violation of Section 14(e) of the Exchange Act [15 U.S.C. § 78n(e)], and Rule 14e-3 promulgated thereunder [17 C.F.R. § 240.14e-3].

### III.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Lum shall:

- (1) disgorge a total of \$236,265.35 -- \$214,043.75 of which represents profits from transactions in Regency Health Services, Inc. securities realized by Lum as alleged in the Complaint, and \$22,221.60 of which represents prejudgment interest thereon; and
- (2) pay a penalty of \$214,043.75 pursuant to Section 21A(a) of the Insider Trading and Securities Fraud Enforcement Act of 1988 [15 U.S.C. § 78u-1(a)].

### IV.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Lum shall deliver into the Registry of this Court, within ten (10) business days of the entry of the Final Judgment, a United States postal money order, certified check, bank cashier's check or bank money order in the amount of the aforementioned \$236,265.35, to be placed in a CRIS interest bearing account, representing the disgorgement and prejudgment interest thereon referred to in ¶ III. (1), above. Such payment shall thereafter be distributed pursuant to a plan for distribution of disgorgement funds to be filed by the Commission with the Court, but in no event shall any of the funds paid into the Registry of the Court,

or any interest thereon, be returned to Lum. Lum shall deliver a copy of the check or money order, within ten (10) business days of the entry of the Final Judgment, to:

Erich T. Schwartz  
Securities and Exchange Commission  
450 Fifth Street, N.W.  
Mail Stop 7-6  
Washington, D.C. 20549.

V.

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Lum shall deliver, within ten (10) business days of the entry of the Final Judgment, a United States postal money order, certified check, bank cashier's check or bank money order in the amount of \$214,043.75, representing the penalty described in paragraph III. (2) above, to:

Office of the Comptroller  
Securities and Exchange Commission  
450 Fifth Street, N.W.  
Mail Stop 0-3  
Washington, D.C. 20549.

The check or money order shall be made payable to the "Securities and Exchange Commission" and bear on its face the caption and case number of this action and the name of this Court. Lum shall deliver a copy of the check or money order, within ten (10) business days of the entry of the Final Judgment, to:

Erich T. Schwartz  
Securities and Exchange Commission  
450 Fifth Street, N.W.  
Mail Stop 7-6  
Washington, D.C. 20549.

**VI.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that the annexed Consent be, and hereby is, incorporated herein with the same force and effect as if fully set forth herein.

**VII.**

**IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Lum shall fully comply with his undertakings as set forth in the annexed Consent.

**VIII.**

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

  
UNITED STATES DISTRICT JUDGE

Date: January 2, 1999

Washington, District of Columbia