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FILED

DEC 18 1997

CLERK, U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION AT SANTA ANA

BY

DEPUTY

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

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CLERK U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIF.
LOS ANGELES

SECURITIES AND EXCHANGE COMMISSION,

Civil Action No.

Plaintiff,

SACV 97-1023

LHM (EE)

v.

JUDGMENT OF PERMANENT
INJUNCTION AND OTHER
RELIEF AGAINST DEFENDANT
WILLIAM MADON

WILLIAM MADON,

Defendant.

Plaintiff Securities and Exchange Commission ("Commission"),
having filed and served upon defendant William Madon ("Madon") a
Summons and Complaint in this matter and defendant Madon having
admitted service upon him of the Summons and 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 Judgment of

Docketed

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I HEREBY CERTIFY THAT THIS DOCUMENT WAS SERVED BY
FIRST CLASS MAIL, POSTAGE PREPAID, TO ALL COUNSEL
(OR PARTIES) AT THEIR RESPECTIVE, MOST RECENT, ADDRESS
RECORD, IN THIS ACTION, ON THIS DATE

DATED: 12-23-97

DEPUTY CLERK

3

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, the securities of any issuer, unless and
6 until a registration statement has been filed with the
7 Commission as to such securities, or while a
8 registration statement as to such securities is the
9 subject of a refusal order or stop order or (prior to
10 the effective date of the registration statement) any
11 public proceeding of examination under Section 8 of the
12 Securities Act of 1933 ("Securities Act") [15 U.S.C.
13 § 77h];

14 in violation of Sections 5(a) and 5(c) of the Securities Act
15 [15 U.S.C. §§ 77e(a) & 77e(c)]; provided, however, that nothing
16 in this paragraph shall apply to any security or transaction that
17 is exempt from the provisions of Section 5 of the Securities Act
18 [15 U.S.C. § 77e].

19 II.

20 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendant
21 Madon and his agents, servants, employees and attorneys, and all
22 persons in active concert or participation with any of them, who
23 receive actual notice of this Judgment, by personal service or
24 otherwise, and each of them, are permanently restrained and
25 enjoined from, directly or indirectly, in the offer or sale of
26 the securities of any issuer, by the use of any means or
27 instruments of transportation or communication in interstate
28 commerce or by the use of the mails:

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

2 B. obtaining money or property by means of any untrue
3 statement of a material fact or any omission to state a
4 material fact necessary in order to make the statements
5 made, in the light of the circumstances under which
6 they were made, not misleading; or

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

10 in violation of Section 17(a) of the Securities Act [15 U.S.C.
11 § 77q(a)].

12 III.

13 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendant
14 Madon and his agents, servants, employees and attorneys, and all
15 persons in active concert or participation with any of them, who
16 receive actual notice of this Judgment, by personal service or
17 otherwise, and each of them, are permanently restrained and
18 enjoined from, directly or indirectly, by the use of any means or
19 instrumentality of interstate commerce, or of the mails, or of
20 any facility of any national securities exchange:

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

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

27 C. engaging in any act, practice, or course of business
28 which operates or would operate as a fraud or deceit

upon any person, in connection with the purchase or sale of any security;

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 thereunder [17 C.F.R. § 240.10b-5].

IV.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendant Madon, 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 Judgment, by personal service or otherwise, and each of them, are permanently restrained and enjoined from, directly or indirectly, by use of the mails or any means or instrumentality of interstate commerce, while acting as an investment adviser:

A. employing any devices, schemes or artifices to defraud advisory clients or prospective advisory clients, in violation of Section 206(1) of the Investment Advisers Act of 1940 ("Advisers Act") [15 U.S.C. § 80b-6(1)]; and

B. engaging in transactions, practices or courses of business which operate as a fraud or deceit upon advisory clients or prospective advisory clients, in violation of Section 206(2) of the Advisers Act [15 U.S.C. § 80b-6(2)].

v.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendant Madon shall provide all documents in his possession, custody or control to the Commission and disclose under oath all information

1 with respect to his activities and the activities of others about
2 which the Commission or its staff may inquire or request. Such
3 production of documents and disclosure of information by Madon
4 shall be made upon reasonable notice in writing and without the
5 service of a subpoena and subject only to the good faith
6 assertion of any privileges recognizable pursuant to
7 the provisions of Rule 501 of the Federal Rules of Evidence or
8 the United States Constitution and amendments thereto.

9 VI.

10 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that, except as
11 otherwise ordered by this Court, any bank, financial institution,
12 or brokerage firm or other person or entity holding any funds or
13 other assets in the name, for the benefit or under the control of
14 Madon, or any person, sole proprietorship, or entity affiliated
15 with him, including, but not limited to, Capital Growth Group
16 ("Capital Growth"), which receives actual notice of this
17 Judgment, by personal service, express courier service,
18 telecopier or otherwise, shall hold and retain within its control
19 and prohibit the withdrawal, removal, transfer or other disposal
20 of any such funds or other assets; however, in lieu of living
21 expenses and attorney's fees, this order shall not attach as to
22 \$2,200 in cash and \$500 in Madon's checking account at Farmers
23 and Merchants Bank.

24 VII.

25 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that, except as
26 otherwise ordered by this Court, defendant Madon and his agents,
27 servants, employees, attorneys, and those persons in active
28 concert or participation with any of them, who receive actual

1 notice of this Judgment, by personal service, express courier
2 service, telecopier or otherwise, and each of them, be and hereby
3 are enjoined from, directly or indirectly, transferring,
4 assigning, selling, hypothecating, changing, wasting,
5 dissipating, converting, concealing, or otherwise disposing of,
6 in any manner, any funds, assets, claims, or other property or
7 assets owned or controlled by, or in the possession or custody of
8 Madon, directly or indirectly, through Capital Growth or
9 otherwise; however, in lieu of living expenses and attorney's
10 fees, this order shall not attach to \$2,200 in cash and \$500 in
11 Madon's checking account at Farmers and Merchants Bank.

12 VIII.

13 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that
14 representatives of the Commission are authorized to have
15 continuing access to inspect or copy any or all of the business
16 books and records and other documents of defendant Madon,
17 including, but not limited to Capital Growth, and continuing
18 access to inspect his funds, property and assets, wherever they
19 may be located.

20 IX.

21 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendant
22 Madon shall pay disgorgement in an amount to be determined by the
23 Court, representing his gains from the conduct alleged in the
24 Complaint, plus prejudgment interest thereon, as per 28 U.S.C.
25 § 1961, and shall pay civil penalties, if any, under the
26 Securities Enforcement Remedies and Penny Stock Reform Act of
27 1990, pursuant to Section 20(d) of the Securities Act [15 U.S.C.
28 § 77t(d)], Section 21(d)(3) of the Exchange Act [15 U.S.C.

§ 80b-9(e)], said disgorgement and civil penalties to be paid in amounts, if any, as may be subsequently determined by the Court. In connection with any hearing to determine the appropriate amounts of disgorgement and civil penalties, defendant Madon may offer proof of the actual amounts received, but shall not assert as a defense that he did not commit the violations alleged in the Commission's Complaint.

X.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the provisions of the Consent filed concurrently with this Judgment are incorporated herein with the same force and effect as if fully set forth herein and that Madon shall comply with his Consent.

XI.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court shall retain jurisdiction over this action to implement and enforce the terms of the Judgment and other decrees that may be entered herein and to grant such other relief as the Court may deem necessary and just.

* * * * *

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

IT IS SO ORDERED.

DATED: 12/18/97

McLaughlin
UNITED STATES DISTRICT JUDGE