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3 Securities and Exchange Commission  
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**FILED**  
DEC 18 2001  
CLERK, U.S. DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
SOUTHERN DIVISION AT SANTA ANA  
BY *[Signature]* DEPUTY

**LODGED**  
DEC 12 2001  
SECURITIES AND EXCHANGE  
COMMISSION  
BY *[Signature]*

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA

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**ENTERED**  
SOUTHERN DIVISION

SECURITIES AND EXCHANGE  
COMMISSION  
Plaintiff,  
vs.  
MAURICE V. NEWMAN AND RICHARD  
A. GERHART,  
Defendants.

DEC 18 2001  
CLERK, U.S. DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
SANTA ANA OFFICE  
BY *[Signature]*

Case No. SACV 00-948-GLT (EEx)  
~~[AMENDED PROPOSED]~~  
**FINAL JUDGMENT OF  
PERMANENT INJUNCTION  
AND OTHER RELIEF  
AGAINST DEFENDANT  
RICHARD A. GERHART**

This Court, having granted summary judgment in favor of Plaintiff Securities and Exchange Commission ("Commission") and against Defendant Richard A. Gerhart ("Gerhart"), enters this Final Judgment Of Permanent Injunction And Other Relief ("Final Judgment") against Gerhart:

I.

IT IS ORDERED, ADJUDGED AND DECREED that Gerhart 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, directly or indirectly, in connection with the purchase or sale of

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~~[AMENDED PROPOSED]~~ FINAL JUDGMENT OF PERMANENT INJUNCTION AGAINST RICHARD A. GERHART  
*[Signature]*

1 any security, by the use of any means or instrumentality of interstate commerce or  
2 of the mails, or of any facility of any national securities exchange:

- 3 A. employing any device, scheme, or artifice to defraud;
- 4 B. making any untrue statement of a material fact or omitting to state a  
5 material fact necessary in order to make the statements made, in the  
6 light of the circumstances under which they were made, not  
7 misleading; or
- 8 C. engaging in any act, practice, or course of business which operates or  
9 would operate as a fraud or deceit upon any person;

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

12 II.

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

18 causing the filing of a required periodic report with the Commission  
19 containing any untrue statement of material fact or omitting to state a  
20 material fact required to be stated or necessary in order to make the  
21 statements made, in light of the circumstances under which they were  
22 made, not misleading;

23 in violation of Section 13(a) of the Exchange Act, 15 U.S.C. § 78m(a), and Rules  
24 12b-20 and 13a-13 thereunder, 17 C.F.R. §§ 240.12b-20 and 240.13a-13.

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III.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Gerhart 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, directly or indirectly:

- A. causing the failure to make and keep accurate books, records, and accounts which, in reasonable detail, accurately and fairly reflect financial transactions and disposition of assets;
- B. directly, or indirectly, falsifying, or causing to be falsified books, records or accounts subject to Section 13(b)(2)(A) of the Exchange Act; or
- C. directly or indirectly, making or causing to be made, or causing another person to omit to state, a materially false or misleading statement, or omitting to state a material fact in order to make statements made, in light of the circumstances under which such statements were made, not misleading to an accountant in connection with (1) an audit or examination of financial statements required to be made pursuant to the Exchange Act regulations, or (2) the preparation or filing of reports or documents required to be filed with the Commission pursuant to Exchange Act regulations or otherwise;

in violation of Section 13(b)(2)(A) of the Exchange Act, 15 U.S.C. § 78m(b)(2)(A), and Rules 13b2-1 and 13b2-2 thereunder, 17 C.F.R. §§ 240.13b2-1 and 240.13b2-

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IV.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Gerhart 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, directly or indirectly:

knowingly circumventing or knowingly failing to implement a system of internal accounting controls or knowingly falsifying any book, record, or account;

in violation of Section 13(b)(5) of the Exchange Act, 15 U.S.C. § 78m(b)(5).

V.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Gerhart is assessed, and shall pay to the Commission for delivery to the United States Treasury, a civil penalty in the amount of \$100,000 under the Securities Enforcement and Penny Stock Reform Act of 1990 pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), and Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78(d)(3). Gerhart shall pay the above penalty within 30 days of entry of this Final Judgment. This payment shall be made by cashier's check, certified check or postal money order, payable to the United States Securities and Exchange Commission, and shall be transmitted to the Comptroller, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3, Alexandria, VA 22312, under cover of a letter which identifies the defendant, the name and case number of this litigation, and the name of the Court. A copy of the cover letter shall be simultaneously transmitted to Jose F. Sanchez, counsel for the Commission at its Los Angeles office.

VI.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Gerhart, pursuant to Section 21(d)(2) of the Exchange Act, 15 U.S.C. § 78u(d)(2), is

1 permanently prohibited from the date of entry of this Final Judgment, from  
2 serving as an officer or director of any issuer that has a class of securities  
3 registered with the Commission pursuant to Section 12 of the Exchange Act, 15  
4 U.S.C. § 78l, or that is required to file reports with the Commission pursuant to  
5 Section 15(d) of the Exchange Act, 15 U.S.C. § 78o(d).

6 VII.


7 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this  
8 Court shall retain jurisdiction over this action for all purposes, including to  
9 implement, enforce, and carry out the terms of this Final Judgment and all other  
10 orders and decrees which have been and may be entered herein, and to grant such  
11 other relief as the Court may deem necessary and just.

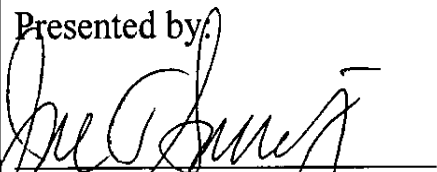
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13 There being no just reason for delay, the Clerk of the Court is hereby  
14 directed, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, to enter  
15 this Final Judgment forthwith.

16 IT IS SO ORDERED.

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18 Dated: December 17, 2001

  
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20 THE HON. GARY L. TAYLOR  
UNITED STATES DISTRICT JUDGE

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22 Presented by:  
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25 Jose F. Sanchez  
26 Attorney for Plaintiff  
Securities and Exchange Commission

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**PROOF OF SERVICE**

I am over the age of 18 years and not a party to this action. My business address is:

United States Securities and Exchange Commission, Pacific Regional Office, 11th Floor, 5670 Wilshire Boulevard, Los Angeles, California 90036-3648, Fax: (323) 965-3908.

On December 12, 2001, I served the foregoing document entitled **[AMENDED PROPOSED] FINAL JUDGMENT OF PERMANENT INJUNCTION AND OTHER RELIEF AGAINST DEFENDANT RICHARD A. GERHART** on all parties to this action addressed as stated on the attached service list:

**OFFICE MAIL:** By placing in sealed envelope(s), which I placed for collection and mailing today following ordinary business practices. I am readily familiar with this firm's practice for collection and processing of correspondence for mailing; such correspondence would be deposited with the U.S. Postal Service on the same day in the ordinary course of business.

**PERSONAL DEPOSIT IN MAIL:** By placing in sealed envelope(s), which I personally deposited with the U.S. Postal Service. Each such envelope was deposited with the U.S. Postal Service at Los Angeles, California, with first class postage thereon fully prepaid.

**EXPRESS U.S. MAIL:** Each such envelope was deposited in a facility regularly maintained at the U.S. Postal Service for receipt of Express Mail at Los Angeles, California, with Express Mail postage paid.

**PERSONAL SERVICE:** I caused to be personally delivered each such envelope by hand to the residence of the addressee.

**FEDERAL EXPRESS:** By placing in sealed envelope(s) designated by Federal Express with delivery fees paid or provided for, which I deposited in a facility regularly maintained by Federal Express or delivered to a Federal Express courier, at Los Angeles, California.

**FAX (BY AGREEMENT ONLY):** By transmitting the document by facsimile transmission. The transmission was reported as complete and without error.

**(Federal)** I declare that I am employed in the office of a member of the bar of this Court, at whose direction the service was made. I declare under penalty of perjury that the foregoing is true and correct.

Date: December 12, 2001

Magnolia M. Marcelo  
Magnolia M. Marcelo

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**SEC v. MAURICE V. NEWMAN AND RICHARD A. GERHART**  
**United States District Court - Central District of California**  
**Case No. SACV 00-948-GLT (Eex)**  
**(LA-1028)**

**SERVICE LIST**

Richard A. Gerhart  
14851 Jeffrey Road, #199  
Irvine, CA 92618