

**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

United States Courts
Southern District of Texas
ENTERED

AUG 12 2003

Michael N. Milby, Clerk of Court

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

DONALD JOHN CHRISTENSEN, II,
et al.,

Defendants.

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CIVIL ACTION NO. H-01-3203

**FINAL JUDGMENT
AGAINST DONALD CHRISTENSEN**

This court has previously entered default against Donald J. Christensen. The SEC filed affidavits and supporting documentation as to the default judgment it seeks.

IT IS ORDERED that defendant and defendant's agents, servants, employees, attorneys, assigns, and all persons in active concert or participation with them, who receive actual notice of this Final Judgment by personal service or otherwise, are permanently restrained and enjoined from violating, directly or indirectly, section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5],

71

by using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange:

- a. to employ any device, scheme, or artifice to defraud,
- b. to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, or
- c. to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person, in connection with the purchase or sale of any security.

IT IS FURTHER ORDERED that defendant and defendant's agents, servants, employees, attorneys, assigns, and all persons in active concert or participation with them, who receive actual notice of this Final Judgment by personal service or otherwise, are permanently restrained and enjoined from violating section 17(a) of the Securities Act of 1933 (the "Securities Act") [15 U.S.C. § 77q(a)] in the offer of any security by the use of any means or instruments of transportation or communication interstate commerce or by use of the mails, directly or indirectly:

- (1) to employ any device, scheme, or artifice to defraud; or

- (2) to obtain money or property by means of any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or
- (3) to engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person, in connection with the purchase or sale of any security.

IT IS FURTHER ORDERED that defendant and defendant's agents, servants, employees, attorneys, assigns, and all persons in active concert or participation with them, who receive actual notice of this Final Judgment by personal service or otherwise, are permanently restrained and enjoined from violating section 5 of the Securities Act [15 U.S.C. § 77e] by, directly or indirectly, in the absence of any applicable exemption:

- a. Unless a registration statement is in effect as to a security, making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell such security through the use or medium of any prospectus or otherwise;
- b. Unless a registration statement is in effect as to a security, carrying or causing to be carried through the mails or in interstate

- commerce, by any means or instruments of transportation, any such security for the purpose of sale or for delivery after sale; or
- c. Making use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise any security, unless a registration statement has been filed with the Commission as to such security, or while the registration statement is the subject of a refusal order or stop order or (prior to the effective date of the registration statement) any public proceeding of examination under section 8 of the Securities Act [15 U.S.C. § 77h].

IT IS FURTHER ORDERED that defendant shall pay a civil penalty in the amount of \$100,000 pursuant to section 20(d)(2) of the Securities Act [15 U.S.C. § 77t(d)(2)] and section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)]. The Commission may enforce the court's judgment for the civil penalty through any and all collection procedures authorized by law at any time after ten days following entry of the judgment.

IT IS FURTHER ORDERED that defendant is liable for disgorgement of \$896,000, representing profits gained as a result of the conduct alleged in the

complaint, together with prejudgment interest thereon in the amount of \$355,656.71, and a civil penalty as ordered above. The Commission may enforce the court's judgment for disgorgement and prejudgment interest by moving for civil contempt (and/or through other collection procedures authorized by law) at any time after ten days following entry of the judgment. In response to any such civil contempt motion by the Commission, the defendant may assert any legally permissible defense, including a demonstration that compliance with the court's order is impossible as a consequence of the defendant's financial condition and that such condition was not self-created as a means of avoiding compliance with the court's order. The Commission may take discovery concerning defendant Christensen's financial condition at any time if the defendant fails to make all payments required by this Final Judgment, including postjudgment interest. Defendant Christensen will make all payments required by this Final Judgment to the registry of this court by bank cashier's check, certified check, or United States postal money order payable to the order of "Clerk, United States District Court." Payment shall be accompanied by a cover letter identifying Donald Christensen as a defendant in this action; setting forth the title and civil action number of this action and the name of this court. Defendant will simultaneously transmit photocopies of such payment and letter to the SEC's counsel in this action. At such time as such funds are paid to the court, defendant

Christensen relinquishes all legal and equitable right, title, and interest in such funds, and no part of the funds will be returned to defendant. The clerk will deposit the funds into an interest bearing account with the Court Registry Investment System (“CRIS”). These funds, together with any interest and income earned thereon (collectively, the “Fund”), will be held by the CRIS until further order of the court. In accordance with the guidelines set by the Director of the Administrative Office of the United States Courts, the clerk is directed, without further order of this court, to deduct from the income earned on the money in the Fund a fee equal to ten percent of the income earned on the Fund. Such fee shall not exceed that authorized by the Judicial Conference of the United States. The Commission may by motion propose a plan to distribute the Fund subject to the court’s approval. Such a plan may provide that the Fund will be distributed pursuant to the Fair Fund provisions of section 308(a) of the Sarbanes-Oxley Act of 2002.

IT IS FURTHER ORDERED that defendant will be permanently barred from serving as an officer or director of any issuer having a class of securities registered with the Commission pursuant to section 12 of the Exchange Act [15 U.S.C. § 781], any issuer required to file reports with the Commission pursuant to section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)], or any issuer which has issued any security quoted on any inter-dealer quotation system.

IT IS FURTHER ORDERED that this court will retain jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.

There being no just reason for delay, the clerk is ordered to enter this Final Judgment.

SIGNED on August 8, 2003, at Houston, Texas.

A handwritten signature in black ink, appearing to read 'Lee H. Rosenthal', written over a horizontal line.

Lee H. Rosenthal
United States District Judge