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ENTERED
CENTRAL DISTRICT OF CALIFORNIA
AUG - 8 2002
BY *BG*
CENTRAL DISTRICT OF CALIFORNIA
DEPUTY

FILED
CLERK U.S. DISTRICT COURT
AUG - 7 2002
CENTRAL DISTRICT OF CALIFORNIA
BY *ewj*

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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

Priority
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JS-5/JS-6
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SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

TEXON ENERGY CORPORATION, a
Nevada Corporation; LONESTAR
PETROLEUM CORPORATION, a Nevada
Corporation; JAMES E. HAMMONDS aka
JAKE HAMMONDS aka JAKE DAVIS; and
BARRY V. REED,

Defendants.

Civil Action No.
CV 01-09706 LGB (MANx)

~~PROPOSED~~ FINAL
JUDGMENT OF
PERMANENT INJUNCTION
AND OTHER RELIEF
AGAINST DEFENDANT
BARRY V. REED

Plaintiff Securities and Exchange Commission ("Commission") filed and served the Complaint in this action upon defendant Barry V. Reed ("Reed"). Reed failed to file an Answer or otherwise respond to the Complaint. On January 25, 2002, the Clerk of the Court entered the default of Reed and defendant James E. Hammonds ("Hammonds") pursuant to Fed. R. Civ. P. 55(a). Thereafter, the Commission moved for entry of a final judgment by default by this Court pursuant to Fed. R. Civ. P. 55(b)(2) with supporting papers showing service of the Summons and Complaint upon Reed and his subsequent failure to answer or otherwise respond to the Complaint. Based upon the Commission's motion for

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1 entry of default judgment, the supporting memoranda of points and authorities, and
2 the evidence and arguments presented with regard to the Commission's motion:

3 I.

4 IT IS HEREBY ORDERED that the Commission's motion for entry of
5 default judgment against Reed is GRANTED.

6 II.

7 IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that Reed
8 and his agents, servants, employees, attorneys, and all persons in active concert or
9 participation with any of them, who receive actual notice of this Judgment, by
10 personal service or otherwise, and each of them, are permanently restrained and
11 enjoined from, directly or indirectly:

12 A. making use of any means or instruments of transportation or
13 communication in interstate commerce or of the mails to sell the
14 securities of any issuer, through the use or medium of any prospectus
15 or otherwise, unless and until a registration statement is in effect as to
16 such securities;

17 B. carrying or causing to be carried through the mails or in interstate
18 commerce, by any means or instruments of transportation, for the
19 purpose of sale or for delivery after sale, the securities of any issuer,
20 unless and until a registration statement is in effect as to such
21 securities; and

22 C. making use of any means or instruments of transportation or
23 communication in interstate commerce or of the mails to offer to sell
24 or offer to buy, through the use or medium of any prospectus or
25 otherwise, the securities of any issuer, unless and until a registration
26 statement has been filed with the Commission as to such securities, or
27 while a registration statement has been filed with the Commission as to
28 such securities, or while a registration statement as to such securities is

1 the subject of a refusal order or stop order or (prior to the effective
2 date of the registration statement) any public proceeding or
3 examination under Section 8 of the Securities Act, 15 U.S.C. § 77h;
4 in violation of Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) &
5 77e(c); provided, however, that nothing in this Judgment shall apply to any security
6 or transaction which is exempt from the provisions of Section 5 of the Securities
7 Act, 15 U.S.C. § 77e.

8 III.

9 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Reed and
10 his agents, servants, employees and attorneys, and all persons in active concert or
11 participation with any of them who receive actual notice of this Final Judgment by
12 personal service or otherwise, and each of them, are permanently restrained and
13 enjoined from, directly or indirectly, in the offer or sale of any securities, by the use
14 of any means or instruments of transportation or communication in interstate
15 commerce or by the use of the mails:

- 16 A. employing any device, scheme or artifice to defraud;
- 17 B. obtaining money or property by means of any untrue statement of a
18 material fact or any omission to state a material fact necessary in order
19 to make the statements made, in the light of the circumstances under
20 which they were made, not misleading; or
- 21 C. engaging in any transaction, practice, or course of business which
22 operates or would operate as a fraud or deceit upon the purchaser;
- 23 in violation of Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a).

24 IV.

25 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Reed and
26 his agents, servants, employees and attorneys, and all persons in active concert or
27 participation with any of them who receive actual notice of this Final Judgment by
28 personal service or otherwise, and each of them, are permanently restrained and

1 California 90036.

2 VI.

3 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Reed
4 shall pay civil penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. §
5 77t(d), and Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3), in the
6 amount of \$110,000. Reed shall each pay the civil penalties by cashier's check,
7 certified check or postal money order made payable to the United States Treasury,
8 and transmitted to the Comptroller, Securities and Exchange Commission,
9 Operations Center, 6432 General Green Way, Stop 0-3, Alexandria, Virginia,
10 22312, under cover of a letter that identifies the defendant, the name and case
11 number of this litigation, and the court. A copy of the cover letter and the check or
12 money order shall be simultaneously transmitted to counsel for the Commission at
13 its Los Angeles office, located at 5670 Wilshire Boulevard, 11th Floor, Los
14 Angeles, California 90036.

15 VII.

16 IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED
17 that during the pendency of this action against any defendant, Reed shall remain
18 subject to the discovery provisions of the Federal Rules of Civil Procedure which
19 apply to parties, and, in addition, that Reed agrees and undertakes, without service
20 or a subpoena, to appear for his deposition or to testify as a witness at any trial of
21 this action or at any related proceeding. Failure to comply with the foregoing will
22 subject Reed to the remedies and sanctions set forth in Rule 37 of the Federal
23 Rules of Civil Procedure and all other available remedies.

24 VIII.

25 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Reed
26 shall provide all documents in his possession, custody or control to the
27 Commission and disclose under oath all information with respect to his activities
28 and the activities of others about which the Commission or its staff may inquire or

1 request. Such production of documents and disclosure of information by Reed
2 shall be made upon reasonable notice in writing and without service of a subpoena
3 and subject only to the good faith assertion of any privileges recognizable pursuant
4 to the provisions of Rule 501 of the Federal Rules of Evidence or the United States
5 Constitution and amendments thereto. Failure to comply with the foregoing will
6 subject Reed to the remedies and sanctions set forth in Rule 37 of the Federal
7 Rules of Civil Procedure and all other available remedies.

8 IX.

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

15 * * * * *

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

19
20 DATED: *Aug. 7, 2002*

Lourdes G. Baird
HONORABLE LOURDES G. BAIRD
UNITED STATES DISTRICT JUDGE

23 Presented by:
24 *Jose F. Sanchez*
25 _____
26 Jose F. Sanchez
27 David S. Brown
28 Attorneys 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:

U.S. SECURITIES AND EXCHANGE COMMISSION, 5670 Wilshire Boulevard, 11th Floor, Los Angeles, California 90036.

Telephone: (323) 965-3998 Fax: (323) 965-3908

On July 12, 2002, I served the documents entitled **[PROPOSED] FINAL JUDGMENT OF PERMANENT INJUNCTION AND OTHER RELIEF AGAINST DEFENDANT BARRY V. REED** upon the parties to this action addressed, as stated on the attached service list, by:

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.

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

PERSONAL SERVICE: I caused to be personally delivered each such envelope to the office 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 under the laws of the United States of America that the foregoing is true and correct.

Date: July 12, 2002



IRENE MEJIA

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SEC v. TEXON ENERGY CORPORATION, et al.
United States District Court - Central District of California
Western Division
Case No. CV 01-09706 LGB (MANx)
(LA-2500)

SERVICE LIST

James E. Hammonds
716 Peachy Canyon Circle
No. 104
Las Vegas, NV 89144

Barry V. Reed
3060 S. Decatur
Unit I5
Las Vegas, NV 89102

PROOF OF SERVICE

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SEC v. TEXON ENERGY CORPORATION, et al.
United States District Court - Central District of California
Western Division
Case No. CV 01-09706 LGB (MANx)
(LA-2500)

SERVICE LIST

W. Allan McPhee, Esq.
18436 Hawthorne Boulevard
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Torrance, CA 90504

James H. Donell, Receiver
Jalmar Properties, Inc.
12121 Wilshire Boulevard
Suite 200
Los Angeles, CA 90025