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OCT 18 2004  
AT SEATTLE  
CLERK U.S. DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
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OCT 15 2004

AT SEATTLE  
CLERK U.S. DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
DEPUTY

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

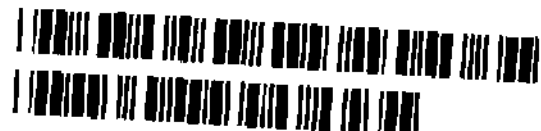
v.

HEALTH MAINTENANCE CENTERS, INC.,  
BAINBRIDGE HUMAN PERFORMANCE  
CENTERS, PLLC, ZNETIX, INC., CASCADE  
POINTE OF ARIZONA, LLC, CASCADE POINTE  
OF NEVIS, LLC, KEVIN L. LAWRENCE,  
DONOVAN C. CLAFLIN, CLIFFORD G. BAIRD,  
KIMBERLY ALEXANDER, BONNIE M.  
COUCH, STACY GRAY and VICKI L.  
LAWRENCE,

Defendants.

Case No. C02-0153P

[PROPOSED] FINAL  
JUDGMENT OF  
PERMANENT INJUNCTION  
AND OTHER RELIEF  
AGAINST DONOVAN C.  
CLAFLIN



02-CV-00153-ORD

Plaintiff Securities and Exchange Commission ("Commission"), having filed and served upon Defendant Donovan C. Claflin ("Claflin") a Summons and Complaint in this action; Claflin 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

1 Permanent Injunction And Other Relief Against Donovan C. Claflin ("Judgment")  
2 without admitting or denying the allegations in the Complaint, except as  
3 specifically set forth herein and in the Consent Of Donovan C. Claflin To Entry Of  
4 Judgment Of Permanent Injunction And Other Relief ("Consent"); no notice of  
5 hearing upon the entry of this Judgment being necessary; and this Court being  
6 fully advised:

7 I.

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

- 13 A. making use of any means or instruments of transportation or  
14 communication in interstate commerce or of the mails to sell the  
15 securities of any issuer, through the use or medium of any prospectus  
16 or otherwise, unless and until a registration statement is in effect as to  
17 such securities;
- 18 B. carrying or causing to be carried through the mails or in interstate  
19 commerce, by any means or instruments of transportation, for the  
20 purpose of sale or for delivery after sale, the securities of any issuer,  
21 unless and until a registration statement is in effect as to such  
22 securities; and
- 23 C. making use of any means or instruments of transportation or  
24 communication in interstate commerce or of the mails to offer to sell  
25 or offer to buy, through the use or medium of any prospectus or  
26 otherwise, the securities of any issuer, unless and until a registration  
27 statement has been filed with the Commission as to such securities, or  
28 while a registration statement has been filed with the Commission as

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

9 II.

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

- 17 A. employing any device, scheme or artifice to defraud;
- 18 B. obtaining money or property by means of any untrue statement of a  
19 material fact or any omission to state a material fact necessary in order  
20 to make the statements made, in the light of the circumstances under  
21 which they were made, not misleading; or
- 22 C. engaging in any transaction, practice, or course of business which  
23 operates or would operate as a fraud or deceit upon the purchaser;
- 24 in violation of Section 17(a) of the Securities Act of 1933, 15 U.S.C. § 77q(a).

25 III.

26 IT IS ORDERED, ADJUDGED AND DECREED that Claflin and his  
27 agents, servants, employees and attorneys, and all persons in active concert or  
28 participation with any of them, who receive actual notice of this Judgment by

1 personal service or otherwise, and each of them, are permanently restrained and  
2 enjoined from, directly or indirectly, in connection with the purchase or sale of any  
3 security, by the use of any means or instrumentality of interstate commerce, or of the  
4 mails, or of any facility of any national securities exchange:

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

11 in violation of Section 10(b) of the Securities Exchange Act of 1934, 15 U.S.C.  
12 § 78j(b) (the "Exchange Act"), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

13 IV.

14 IT IS FURTHER ORDERED, ADJUDGED AND DECREED, that the  
15 Court retains jurisdiction to determine appropriate amounts of disgorgement,  
16 prejudgment interest, and civil penalties that shall be paid by Clafin for the  
17 conduct alleged in the Commission's Complaint. Prejudgment interest shall be  
18 calculated pursuant to 28 U.S.C. § 1961 based on the date of entry of the order  
19 fixing the amount of disgorgement. In connection with any hearing to determine  
20 the appropriate amounts of disgorgement and civil penalties, Clafin shall not raise  
21 as a defense that he is not liable for payment of disgorgement or civil penalties  
22 because he did not violate the provisions of the Securities Act, the Exchange Act,  
23 or rules thereunder as set forth in the Complaint. Solely for the purposes of  
24 determining the amounts of disgorgement and civil penalties, the Court shall  
25 accept and deem as true the facts alleged in the Commission's Complaint. Clafin  
26 shall not be entitled to a trial by jury for purposes of determining the appropriate  
27 amounts of disgorgement or civil penalties.

28 ///

VIII.

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.

DATED: Oct 18, 2004

*Marshall J. Pechman*

HON. MARSHAL J. PECHMAN  
UNITED STATES DISTRICT JUDGE

Submitted By:

*Todd Brilliant*  
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Todd Brilliant  
Attorney for Plaintiff  
Securities and Exchange Commission

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**PROOF OF SERVICE**

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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, 11<sup>th</sup> Floor, Los Angeles, California 90036-3648.

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

On October 14, 2004, I caused to be served the document entitled **[PROPOSED] FINAL JUDGMENT OF PERMANENT INJUNCTION AND OTHER RELIEF AGAINST DONOVAN C. CLAFLIN** upon the 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 agency'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 office of the addressee in the attached service list.

**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: October 14, 2004

Magnolia M. Marcelo  
MAGNOLIA M. MARCELO

1                    **SEC v. HEALTH MAINTENANCE CENTERS, INC., et al.**  
2                    **United States District Court - Western District of Washington**  
3                    **Case No. C 02-0153 P**  
4                    **(LA-2477)**

5                    **SERVICE LIST**

6                    Kevin Lawrence  
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11                    *Pro se*

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                    Davis Wright Tremaine LLP  
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                    *Attorney for Receiver*