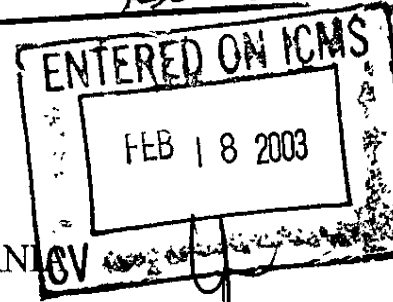
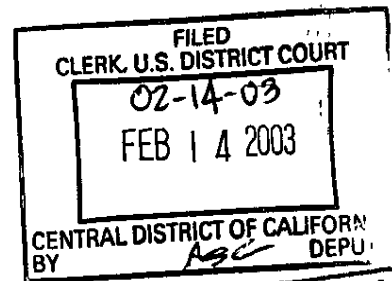


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UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA

03-0147 ✓

SECURITIES AND EXCHANGE
COMMISSION,

Civil Action No.

Plaintiff,

**FINAL JUDGMENT OF
PERMANENT INJUNCTION AND
OTHER RELIEF AGAINST
DEFENDANT JEFFREY M.
KALINA**

vs.

JEFFREY M. KALINA

Defendant.

Plaintiff Securities and Exchange Commission ("Commission"), having filed and served upon Defendant Jeffrey M. Kalina ("Kalina") a Summons and Complaint in this action; Kalina 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 Final Judgment Of Permanent Injunction And Other Relief Against Jeffrey M. Kalina ("Judgment") without admitting or denying the allegations in the Complaint, except as specifically set forth in the Consent Of Jeffrey M. Kalina To Entry Of Final

WMB

(RLX)

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1 Judgment Of Permanent Injunction And Other Relief ("Consent"); no notice of
2 hearing upon the entry of this Judgment being necessary; and this Court being
3 fully advised:

4 I.

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

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

20 II.

21 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Kalina
22 and his agents, servants, employees and attorneys, and all persons in active concert
23 or participation with any of them, who receive actual notice of this Judgment by
24 personal service or otherwise, and each of them, are permanently restrained and
25 enjoined from, directly or indirectly, in connection with the purchase or sale of any
26 security, by the use of any means or instrumentality of interstate commerce, or of
27 the mails, or of any facility of any national securities exchange:
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- 1 A. employing any device, scheme, or artifice to defraud;
2 B. making any untrue statement of a material fact or omitting to state a
3 material fact necessary in order to make the statements made, in the
4 light of the circumstances under which they were made, not
5 misleading; or
6 C. engaging in any act, practice, or course of business which operates or
7 would operate as a fraud or deceit upon any person;
8 in violation of Section 10(b) of the Securities Exchange Act of 1934, 15 U.S.C.
9 § 78j(b) (the “Exchange Act”), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

10 III.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Kalina 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 the use of any means or instrumentality of interstate commerce or of the mails, or of any facility of any national securities exchange:

- 18 A. causing the failure to devise and maintain a system of internal
19 accounting controls sufficient to provide reasonable assurances that
20 financial statements are prepared in conformity with Generally
21 Accepted Accounting Principles;
- 22 B. falsifying or causing to be falsified books, records or accounts subject
23 to Section 13(b)(2)(A) of the Exchange Act;
- 24 C. making or causing to be made, or causing another person to omit or
25 state, a materially false or misleading statement, or omitting to state a
26 material fact in order to make statements made, in light of the
27 circumstances under which such statements were made, not

1 misleading to an accountant in connection with (1) an audit or
2 examination of financial statements required to be made pursuant to
3 the Exchange Act regulations, or (2) the preparation or filing of
4 reports or documents required to be filed with the Commission
5 pursuant to Exchange Act regulations or otherwise;
6 in violation of Section 13(b)(5) of the Exchange Act, 15 U.S.C., § 78m(b)(5), and
7 Rules 13b2-1 and 13b2-2 thereunder, 17 C.F.R. §§ 240.13b2-1 and 240.13b2-2.

8 IV.

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

14 causing the filing of a required periodic report with the Commission
15 containing any untrue statement of material fact or omitting to state a
16 material fact required to be stated or necessary in order to make the
17 statements made, in light of the circumstances under which they were
18 made, not misleading;
19 in violation of Section 13(a) of the Exchange Act, 15 U.S.C. § 78m(a), and Rules
20 12b-20 and 13a-13 thereunder, 17 C.F.R. §§ 240.12b-20 and 240.13a-13.

21 V.

22 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Kalina
23 and his agents, servants, employees and attorneys, and all persons in active concert
24 or participation with any of them, who receive actual notice of this Judgment, by
25 personal service or otherwise, and each of them, are permanently restrained and
26 enjoined from, directly, or indirectly, by the use of any means or instrumentality of
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1 interstate commerce or of the mails, or of any facility of any national securities
2 exchange:

3 causing the failure to make and keep accurate books, records, and
4 accounts which, in reasonable detail, accurately and fairly reflect
5 financial transactions and disposition of assets;

6 in violation of Section 13(b)(2)(A) of the Exchange Act, 15 U.S.C.

7 § 78m(b)(2)(A).

8 VI.

9 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that
10 Defendant Kalina shall pay disgorgement in the amount of \$69,802.00,
11 representing his gains from the exercise of stock options, and pay prejudgment
12 interest in the amount of \$4,546.00. Kalina shall pay the disgorgement and
13 prejudgment interest within one year of entry of this Final Judgment to the
14 Registry of this Court pending further Order, under cover of a letter that identifies
15 Defendant Kalina, the caption and case number of this action, and the name of this
16 Court. A copy of the form of payment and the accompanying letter shall
17 simultaneously be transmitted to counsel for the Commission at its Los Angeles
18 office, located at 5670 Wilshire Boulevard, 11th Floor, Los Angeles, California
19 90036. By making this payment, Defendant relinquishes all legal and equitable
20 right, title, and interest in such funds, and no part of the funds shall be returned to
21 Defendant. The Clerk shall deposit the funds into an interest bearing account with
22 the Court Registry Investment System ("CRIS"). These funds, together with any
23 interest and income earned thereon (collectively, the "Fund"), shall be held by the
24 CRIS until further order of the Court. In accordance with the guidelines set by the
25 Director of the Administrative Office of the United States Courts, the Clerk is
26 directed, without further order of this Court, to deduct from the income earned on
27 the money in the Fund a fee equal to ten percent of the income earned on the Fund.

1 Such fee shall not exceed that authorized by the Judicial Conference of the United
2 States. The Commission may by motion propose a plan to distribute the Fund
3 subject to the Court's approval. Such a plan may provide that Fund shall be
4 distributed pursuant to the Fair Fund provisions of Section 308(a) of the
5 Sarbanes-Oxley Act of 2002.

6 VII.

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

11 VIII.

12 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this
13 Court shall retain jurisdiction over this action for all purposes, including to
14 implement and enforce the terms of this Judgment and other orders and decrees
15 which may be entered, and to grant such other relief as this Court may deem
16 necessary and just.

17 IX.

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

X.

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: Feb 14, 2003

Lee. Marden Byrd
UNITED STATES DISTRICT JUDGE

Submitted By:

Alka Patel
Alka N. Patel
Attorney for Plaintiff
Securities and Exchange Commission