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CENTRAL DISTRICT OF CALIFORNIA  
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UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
WESTERN DIVISION

SECURITIES AND EXCHANGE )	CASE NO. CV 03-4376 MRP (PLAx)
COMMISSION, )	
)	ADDITIONAL FINDINGS OF
Plaintiff, )	FACT AND FINAL JUDGMENT
)	IMPOSING PERMANENT
v. )	INJUNCTION, DISGORGEMENT,
)	PREJUDGMENT INTEREST,
HENRY C. YUEN, ELSIE M. )	CIVIL PENALTY, AND
LEUNG, JONATHAN B. ORLICK,) )	PERMANENT OFFICER AND
and CRAIG M. WAGGY, )	DIRECTOR BAR AGAINST
)	DEFENDANT HENRY C. YUEN
Defendants. )	

DOCKETED ON CM  
MAY - 8 2006  
BY [Signature] 003

INTRODUCTION

This matter was tried by the Court without a jury beginning on December 7, 2006, and continuing through December 21, 2006. On January 27, 2006, plaintiff Securities and Exchange Commission (the "Commission") and defendant Henry C. Yuen ("Yuen") each lodged under seal proposed findings of fact and conclusions of law. The Court filed its Findings of Fact and

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1 Conclusions of Law (the "Findings") on March 16, 2006, under seal. The Court  
2 unsealed the Findings on March 20, 2006. The Court found, among other things,  
3 that Yuen committed securities fraud, aided and abetted violations of the  
4 periodic reporting and record keeping, requirements of the federal securities  
5 laws, and made misrepresentations to and withheld material information from the  
6 auditors. On April 5, 2006, the Court heard additional oral argument on the  
7 subject of remedies. On April 17, 2006, Yuen filed a Memorandum in  
8 Opposition to the Commissions' Proposed Final Judgment, and on April 24,  
9 2006, the Commission filed a Memorandum in Support of its Proposed  
10 Judgment. The Court has read and considered all documents filed and heard oral  
11 argument on all issues of fact and law presented to it by the parties.  
12

### 14 **ADDITIONAL FINDINGS OF FACT**

15 The Court finds that as a result of his fraudulent conduct as set forth in the  
16 Findings, Yuen was unjustly enriched in the amount of \$10,577,692, consisting  
17 of (1) \$3,022,452 in gross bonus compensation received by Yuen during the  
18 period of his fraud, and (2) \$7,555,240 in trading profit he received from avoided  
19 losses in connection with pre-paid forward contracts he entered into on April 3,  
20 2002.  
21

### 23 **JUDGMENT**

24 Pursuant to the Court's Findings, the Court enters this Final Judgment  
25 Imposing Permanent Injunction, Disgorgement, Prejudgment Interest, Civil  
26 Penalty, and Permanent Officer and Director Bar Against Defendant Henry C.  
27  
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1 Yuen (the "Final Judgment").

2 **I.**

3 IT IS ORDERED, ADJUDGED AND DECREED that Yuen is  
4 permanently restrained and enjoined from, directly or indirectly, in the offer or  
5 sale of the securities of any issuer, by the use of any means or instruments of  
6 transportation or communication in interstate commerce or by the use of the  
7 mails:  
8

- 9 A. employing any device, scheme or artifice to defraud;
- 10 B. obtaining money or property by means of any untrue statement of a  
11 material fact or any omission to state a material fact necessary in  
12 order to make the statements made, in the light of the circumstances  
13 under which they were made, not misleading; or
- 14 C. engaging in any transaction, practice, or course of business which  
15 operates or would operate as a fraud or deceit upon the purchaser;

16  
17 in violation of Section 17(a) of the Securities Act of 1933 ("Securities Act"), 15  
18 U.S.C. § 77q(a).

19 **II.**

20 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Yuen is  
21 permanently restrained and enjoined from, directly or indirectly, in connection  
22 with the purchase or sale of any security, by the use of any means or  
23 instrumentality of interstate commerce, or of the mails, or of any facility of any  
24 national securities exchange:  
25

- 26 A. employing any device, scheme, or artifice to defraud;
- 27 B. making any untrue statement of a material fact or omitting to state a  
28

1 material fact necessary in order to make the statements made, in the  
2 light of the circumstances under which they were made, not  
3 misleading; or

4 C. engaging in any act, practice, or course of business which operates  
5 or would operate as a fraud or deceit upon any person;

6 in violation of Section 10(b) of the Securities Exchange Act of 1934 ("Exchange  
7 Act"), 15 U.S.C. § 78j(b), and Rule 10b-5, 17 C.F.R. § 240.10b-5.  
8

9 **III.**

10 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Yuen is  
11 permanently restrained and enjoined from aiding and abetting any violation of  
12 Section 13(a) of the Exchange Act, 15 U.S.C. § 78m(a), and Rules 12b-20,  
13 13a-1, 13a-11, and 13a-13 thereunder, 17 C.F.R. §§ 240.12b-20, 240.13a-1,  
14 240.13a-11, and 240.13a-13, by knowingly providing substantial assistance to an  
15 issuer that violates Section 13(a) of the Exchange Act and Rules 12b-20, 13a-1,  
16 13a-11, and 13a-13 thereunder, by filing with the Commission materially false  
17 and misleading quarterly reports on Form 10-Q, annual reports on Form 10-K, or  
18 current reports on Form 8-K.  
19

20 **IV.**

21 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Yuen is  
22 permanently restrained and enjoined from:

23 A. aiding and abetting any violation of Section 13(b)(2)(A) of the  
24 Exchange Act, 15 U.S. C. § 78m(b)(2)(A), by knowingly providing  
25 substantial assistance to an issuer that violates Section 13(b)(2)(A)  
26 of the Exchange Act by failing to make or keep books, records and  
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1 accounts that in reasonable detail accurately and fairly reflected its  
2 transactions and disposition of its assets;

3 B. violating Exchange Act Rule 13b2-1 by, directly or indirectly,  
4 falsifying or causing to be falsified any books, records, and accounts  
5 subject to Section 13(b)(2)(A) of the Exchange Act.  
6

7 V.

8 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Yuen is  
9 permanently restrained and enjoined from, in connection with audits or  
10 examinations of financial statements and the preparation and filing of statements  
11 and reports required to be filed with the Commission, directly or indirectly,  
12 making or causing to be made materially false or misleading statements to  
13 accountants and omitting to state, or causing another person to omit to state to  
14 accountants, material facts necessary in order to make statements made to the  
15 accountants, in light of the circumstances under which such statements were  
16 made, not misleading in violation of Exchange Act Rule 13b2-2, 17 C.F.R.  
17 § 240.13b2-2.  
18

19 VI.

20 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that,  
21 pursuant to Section 20(e) of the Securities Act, 15 U.S.C. § 77t(e), and Section  
22 21(d)(2) of the Exchange Act, 15 U.S.C. § 78u(d)(2), Yuen is prohibited from  
23 acting as an officer or director of any issuer that has a class of securities  
24 registered pursuant to Section 12 of the Exchange Act, 15 U.S.C. § 781, or that is  
25 required to file reports pursuant to Section 15(d) of the Exchange Act, 15 U.S.C.  
26 § 78o(d).  
27  
28

**VII.**

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Yuen is liable for disgorgement of \$10,577,692, representing Yuen's gains from bonus compensation and from losses avoided through prepaid forward securities transactions, as a result of his violations of the federal securities laws, as reflected in the Court's Findings, together with prejudgment interest thereon in the amount of \$1,171,847.

Yuen shall pay the combined disgorgement and prejudgment interest within 30 days after entry of this Final Judgment. The payment shall be submitted to the Clerk of this Court together with a cover letter identifying Yuen as a defendant in this action; setting forth the title and civil action number of this action and the name of this Court; and specifying that payment is made pursuant to this Final Judgment. Yuen shall simultaneously transmit photocopies of such payment and letter to the Commission's counsel in this action. By making his payment, Yuen relinquishes all legal and equitable right, title, and interest in such funds, and no part of the funds shall be returned to Yuen. Yuen shall pay post-judgment interest pursuant to 28 U.S.C. § 1961.

**VIII.**

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that in addition to the amount of disgorgement ordered hereunder, Yuen shall pay a civil penalty in the amount of \$10,577,692, pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 775(d), and Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78(u)(d)(3). Yuen shall make this payment within 30 days of entry of this Final Judgment. The payment shall be submitted to the Clerk of this Court

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1 together with a cover letter identifying Yuen as a defendant in this action; setting  
2 forth the title and civil action number of this action and the name of this Court  
3 and specifying that payment is made pursuant to this Final Judgment. Yuen shall  
4 simultaneously transmit photocopies of such payment and letter to the  
5 Commission's counsel in this action. Yuen shall pay post-judgment interest on  
6 amounts due pursuant to 28 U.S.C. § 1961.  
7

8 **IX.**

9 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the  
10 Clerk shall deposit the funds paid by Yuen under Paragraphs VII and VIII of this  
11 Final Judgment into an interest bearing account. These funds, together with any  
12 interest and income earned thereon (collectively, the "Fund"), shall be held in  
13 such account until further order of the Court.  
14

15 **XII.**

16 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this  
17 Court shall retain jurisdiction of this matter for the purposes of enforcing the  
18 terms of this Final Judgment.  
19

20 DATED:

*May 8, 2006*

*Mariana R. Pfaelzer*  
21  
22 HONORABLE MARIANA R. PFAELZER  
23 UNITED STATES DISTRICT JUDGE  
24  
25  
26  
27  
28