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3 Securities and Exchange Commission
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FILED
CLERK, U.S. DISTRICT COURT
NOV 29 2004
CENTRAL DISTRICT OF CALIFORNIA
BY [Signature]

ORIGINAL

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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

SECURITIES AND EXCHANGE
COMMISSION,

NO. CV 03-8619 DSF(JTLx)

Plaintiff,

Final Judgment as to Scott Hamilton

vs.

MARY PATTEN,
VALENVALLS INVESTMENT
CORPORATION,
SCOTT HAMILTON, and
HAROLD MILLER,

Priority
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Defendants.

The Securities and Exchange Commission having filed a Complaint and Defendant Scott Hamilton ("Defendant") having entered a general appearance; consented to the Court's jurisdiction over Defendant and the subject matter of this action; consented to entry of this Final Judgment without admitting or denying the allegations of the Complaint (except as to jurisdiction); waived findings of fact and conclusions of law; and waived any right to appeal from this Final Judgment.

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U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
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I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's agents, servants, employees, attorneys, 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], by using any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange, in connection with the purchase or sale of any security:

- (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 the 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.

II.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of

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2 this Final Judgment by personal service or otherwise are permanently restrained
3 and enjoined from violating Section 17(a) of the Securities Act of 1933
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5 (“Securities Act”) [15 U.S.C. § 77q(a)] in the offer or sale of any security by the
6 use of any means or instruments of transportation or communication in interstate
7 commerce or by use of the mails, directly or indirectly:

- 8
- 9 (a) to employ any device, scheme, or artifice to defraud;
- 10 (b) to obtain money or property by means of any untrue statement of a material
- 11 fact or any omission of a material fact necessary in order to make the
- 12 statements made, in light of the circumstances under which they were made,
- 13 not misleading; or
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- 15 (c) to engage in any transaction, practice, or course of business which operates
- 16 or would operate as a fraud or deceit upon the purchaser.
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18 III.

19 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED

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21 that Defendant and Defendant's agents, servants, employees, attorneys, and all
22 persons in active concert or participation with them who receive actual notice of
23 this Final Judgment by personal service or otherwise are permanently restrained
24 and enjoined from violating Section 5 of the Securities Act [15 U.S.C. § 77e] by,
25 directly or indirectly, in the absence of any applicable exemption:
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2 (a) Unless a registration statement is in effect as to a security, making use of any
3 means or instruments of transportation or communication in interstate
4 commerce or of the mails to sell such security through the use or medium of
5 any prospectus or otherwise;

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7 (b) Unless a registration statement is in effect as to a security, carrying or
8 causing to be carried through the mails or in interstate commerce, by any
9 means or instruments of transportation, any such security for the purpose of
10 sale or for delivery after sale; or

11
12 (c) Making use of any means or instruments of transportation or communication
13 in interstate commerce or of the mails to offer to sell or offer to buy through
14 the use or medium of any prospectus or otherwise any security, unless a
15 registration statement has been filed with the Commission as to such
16 security, or while the registration statement is the subject of a refusal order
17 or stop order or (prior to the effective date of the registration statement) any
18 public proceeding or examination under Section 8 of the Securities Act [15
19 U.S.C. § 77h].
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23 IV.

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25 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED
26 that Defendant, his agents, servants, employees, attorneys-in-fact, successors, and
27 assigns and all those persons in active concert or participation with them who receive
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2 actual notice of this Final Judgment by personal service or otherwise, and each of
3 them, be and they hereby are permanently restrained and enjoined from violating
4 Section 15(a)(1) of the Securities Exchange Act of 1934 ("Exchange Act") [15
5 U.S.C. § 78o(a)] by, directly or indirectly effecting securities transactions for the
6 account of others or engaging in business as a dealer without being registered as a
7 broker-dealer or being associated with a registered broker-dealer for purposes of
8 those transactions or that business.
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11 V.

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13 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED
14 that Defendant is jointly and severally liable for disgorgement of \$3,335,000.00,
15 representing the illicit proceeds of the conduct alleged in the Complaint, together
16 with pre-judgment interest thereon in the amount of \$1,406,804.98, for a total of
17 \$4,741,804.98. Based on Defendant's sworn representations in his Statement of
18 Financial Condition dated May 10, 2004, and other documents and information
19 submitted to the Commission, however, the Court is not ordering Defendant to pay
20 a civil penalty and payment of the disgorgement and pre-judgment interest thereon
21 is waived. The determination not to impose a civil penalty and to waive payment
22 of the disgorgement and pre-judgment interest is contingent upon the accuracy and
23 completeness of Defendant's Statement of Financial Condition. If at any time
24 following the entry of this Final Judgment the Commission obtains information
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indicating that Defendant's representations to the Commission concerning his assets, income, liabilities, or net worth were fraudulent, misleading, inaccurate, or incomplete in any material respect as of the time such representations were made, the Commission may, at its sole discretion and without prior notice to Defendant, petition the Court for an order requiring Defendant to pay unpaid disgorgement, pre-judgment and post-judgment interest thereon, and the maximum civil penalty allowable under the law. In connection with any such petition, the only issue shall be whether the financial information provided by Defendant was fraudulent, misleading, inaccurate, or incomplete in any material respect as of the time such representations were made. In its petition, the Commission may move this Court to consider all available remedies, including, but not limited to, ordering Defendant to pay funds or assets, directing the forfeiture of any assets, or sanctions for contempt of this Final Judgment. The Commission may also request additional discovery. Defendant may not, by way of defense to such petition: (1) challenge the validity of this Consent or the Final Judgment; (2) contest the allegations in the Complaint filed by the Commission; (3) assert that payment of unpaid disgorgement, pre-judgment and post-judgment interest thereon, or a civil penalty should not be ordered; (4) contest the imposition of the maximum civil penalty allowable under the law; or (5) assert any defense to liability or remedy, including, but not limited to, any statute of limitations defense.

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VI.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Consent is incorporated herein with the same force and effect as if fully set forth herein, and that Defendant shall comply with all of the undertakings and agreements set forth therein.

VII.

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

VIII.

There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil Procedure, the Clerk is ordered to enter this Final Judgment forthwith and without further notice.

Dated: 11.29, 2004


UNITED STATES DISTRICT JUDGE