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ORIGINAL

8 UNITED STATES DISTRICT COURT
9 CENTRAL DISTRICT OF CALIFORNIA

FILED
CLERK, U.S. DISTRICT COURT
JAN 18 2005
CENTRAL DISTRICT OF CALIFORNIA
DEPUTY

10 SECURITIES AND EXCHANGE
11 COMMISSION,

12 Plaintiff,

13 vs.

14 MARY PATTEN,
15 VALENVALLS INVESTMENT
16 CORPORATION,
17 SCOTT HAMILTON, and
18 HAROLD MILLER,

19 Defendants.

Case No.: CV 03-8619 DSF (JTLx)

Final Judgment as to Defendant
Harold Miller

ENTERED
CLERK, U.S. DISTRICT COURT
JAN 19 2005
CENTRAL DISTRICT OF CALIFORNIA
DEPUTY

THIS CONSTITUTES NOTICE OF ENTRY
AS REQUIRED BY FRCP, RULE 77(d).

20
21 The Securities and Exchange Commission having filed a Complaint and
22 Defendant Harold Miller ("Defendant") having entered a general appearance;
23 consented to the Court's jurisdiction over Defendant and the subject matter of this
24 action; consented to entry of this Final Judgment without admitting or denying the
25 allegations of the Complaint (except as to jurisdiction); waived findings of fact and
26 conclusions of law; and waived any right to appeal from this Final Judgment:
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I.

1
2 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant
3
4 and Defendant's agents, servants, employees, attorneys, and all persons in active
5 concert or participation with them who receive actual notice of this Final Judgment
6
7 by personal service or otherwise are permanently restrained and enjoined from
8 violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of
9
10 1934 (the "Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated
11
12 thereunder [17 C.F.R. § 240.10b-5], by using any means or instrumentality of
13
14 interstate commerce, or of the mails, or of any facility of any national securities
15
16 exchange, in connection with the purchase or sale of any security:

- 15 (a) to employ any device, scheme, or artifice to defraud;
16
17 (b) to make any untrue statement of a material fact or to omit to state a material
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19 fact necessary in order to make the statements made, in the light of the
20
21 circumstances under which they were made, not misleading; or
22
23 (c) to engage in any act, practice, or course of business which operates or would
24
25 operate as a fraud or deceit upon any person.

II.

25 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED
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27 that Defendant and Defendant's agents, servants, employees, attorneys, and all
28
29 persons in active concert or participation with them who receive actual notice of

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

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

18 III.

19 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED

20
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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- 1 (a) Unless a registration statement is in effect as to a security, making use of any
2 means or instruments of transportation or communication in interstate
3 commerce or of the mails to sell such security through the use or medium of
4 any prospectus or otherwise;
- 5
6 (b) Unless a registration statement is in effect as to a security, carrying or
7 causing to be carried through the mails or in interstate commerce, by any
8 means or instruments of transportation, any such security for the purpose of
9 sale or for delivery after sale; or
- 10
11 (c) Making use of any means or instruments of transportation or communication
12 in interstate commerce or of the mails to offer to sell or offer to buy through
13 the use or medium of any prospectus or otherwise any security, unless a
14 registration statement has been filed with the Commission as to such
15 security, or while the registration statement is the subject of a refusal order
16 or stop order or (prior to the effective date of the registration statement) any
17 public proceeding or examination under Section 8 of the Securities Act [15
18 U.S.C. § 77h].
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24 IV.

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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1 actual notice of this Final Judgment by personal service or otherwise, and each of
2 them, be and they hereby are permanently restrained and enjoined from violating
3 Exchange Act Section 15(a)(1) [15 U.S.C. § 78o(a)] by, directly or indirectly
4 effecting securities transactions for the account of others or engaging in business as a
5 dealer without being registered as a broker-dealer or being associated with a
6 registered broker-dealer for purposes of those transactions or that business.
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10 V.

11 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED
12 that Defendant is liable for disgorgement of \$1.00 and a civil penalty in the amount
13 of \$39,999 pursuant to Securities Act Section 20(d)(2) [15 U.S.C. § 77t(d)(2)] and
14 Exchange Act Section 21(d)(3) [15 U.S.C. § 78(u)(d)(3)]. Defendant shall satisfy
15 this obligation by paying \$13,334.00 within thirty business days to the Clerk of this
16 Court, and \$13,333.00 thereafter on the anniversary of that date, together with a
17 cover letter identifying Harold Miller as a defendant in this action; setting forth the
18 title and civil action number of this action and the name of this Court; and
19 specifying that payment is made pursuant to this Final Judgment. Defendant shall
20 simultaneously transmit photocopies of such payment and letter to the
21 Commission's counsel in this action. By making this payment, Defendant
22 relinquishes all legal and equitable right, title, and interest in such funds, and no
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1 part of the funds shall be returned to Defendant. Defendant shall pay post-
2 judgment interest on any delinquent amounts pursuant to 28 USC § 1961.
3

4 The Clerk shall deposit the funds into an interest bearing account with the
5 Court Registry Investment System ("CRIS"). These funds, together with any
6 interest and income earned thereon (collectively, the "Fund"), shall be held by the
7 CRIS until further order of the Court. In accordance with 28 U.S.C. § 1914 and
8 the guidelines set by the Director of the Administrative Office of the United States
9 Courts, the Clerk is directed, without further order of this Court, to deduct from the
10 income earned on the money in the Fund a fee equal to ten percent of the income
11 earned on the Fund. Such fee shall not exceed that authorized by the Judicial
12 Conference of the United States.
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16 The Commission may by motion propose a plan to distribute the Fund
17 subject to the Court's approval. Such a plan may provide that Fund shall be
18 distributed pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-
19 Oxley Act of 2002. Regardless of whether any such Fair Fund distribution is
20 made, amounts ordered to be paid as civil penalties pursuant to this Judgment shall
21 be treated as penalties paid to the government for all purposes, including all tax
22 purposes. To preserve the deterrent effect of the civil penalty, Defendant shall not,
23 after offset or reduction of any award of compensatory damages in any Related
24 Investor Action based on Defendant's payment of disgorgement in this action,
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1 further benefit by offset or reduction of such compensatory damages award by the
2 amount of any part of Defendant's payment of a civil penalty in this action
3
4 ("Penalty Offset"). If the court in any Related Investor Action grants such a
5 Penalty Offset, Defendant shall, within 30 days after entry of a final order granting
6 the Penalty Offset, notify the Commission's counsel in this action and pay the
7 amount of the Penalty Offset to the United States Treasury or to a Fair Fund, as the
8 Commission directs. Such a payment shall not be deemed an additional civil
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10 penalty and shall not be deemed to change the amount of the civil penalty imposed
11 in this Judgment. For purposes of this paragraph, a "Related Investor Action"
12 means a private damages action brought against Defendant by or on behalf of one
13
14 or more investors based on substantially the same facts as alleged in the Complaint
15
16 in this action.
17

18 VI.

19 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED

20 that, based on Defendant's sworn representations in his Statement of Financial
21 Condition dated October 4, 2004, and other documents and information submitted
22 to the Commission, the Court is not ordering Defendant to pay a civil penalty
23 larger than \$39,999. The determination not to impose a civil penalty larger than
24 \$39,999 is contingent upon the accuracy and completeness of Defendant's
25 Statement of Financial Condition and the other documents and information
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1 submitted to the Commission. If at any time following the entry of this Final
2 Judgment the Commission obtains information indicating that Defendant's
3 representations to the Commission concerning his assets, income, liabilities, or net
4 worth were fraudulent, misleading, inaccurate, or incomplete in any material
5 respect as of the time such representations were made, the Commission may, at its
6 sole discretion and without prior notice to Defendant, petition the Court for an
7 order requiring Defendant to pay the maximum civil penalty allowable under the
8 law. In connection with any such petition, the only issue shall be whether the
9 financial information provided by Defendant was fraudulent, misleading,
10 inaccurate, or incomplete in any material respect as of the time such
11 representations were made. In its petition, the Commission may move this Court
12 to consider all available remedies, including, but not limited to, ordering Defendant
13 to pay funds or assets, directing the forfeiture of any assets, or sanctions for
14 contempt of this Final Judgment. The Commission may also request additional
15 discovery. Defendant may not, by way of defense to such petition: (1) challenge
16 the validity of his Consent and Undertakings ("Consent") or the Final Judgment;
17 (2) contest the allegations in the Complaint filed by the Commission; (3) assert that
18 payment of a civil penalty should not be ordered; (4) contest the imposition of the
19 maximum civil penalty allowable under the law; or (5) assert any defense to
20 liability or remedy, including, but not limited to, any statute of limitations defense.
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VII.

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.

VIII.

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.

IX.

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: Jan. 14, 2005

Dale S. Leschew
UNITED STATES DISTRICT JUDGE