

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN**

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UNITED STATES SECURITIES AND :
EXCHANGE COMMISSION, :
 :
Plaintiff, : CIVIL ACTION NO. 03-74983
 :
v. : JUDGE NANCY G. EDMUNDS
 :
DONALD F. CHAMBERLIN and : Magistrate Judge Pepe
DAVID N. CHAMBERLIN, :
 :
Defendants. :
_____ :

**FINAL JUDGMENT AS TO DISGORGEMENT AND CIVIL PENALTIES AGAINST
DEFENDANT DONALD F. CHAMBERLIN**

The Court having considered Plaintiff Securities and Exchange Commission's ("SEC") Motion for Summary Judgment (Doc. # 33), Defendant Donald F. Chamberlin's ("Defendant") Motion to Waive Enforcement (Doc. # 50), and the SEC's Motion for Establishment of a Fair Fund (Doc. # 65); and having considered all of memoranda and evidence filed by both Plaintiff and Defendant and the parties' oral arguments in connection with the motions; and the Court being fully advised in the premises:

**I.
[Disgorgement, Prejudgment Interest and Civil Penalty]**

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is liable for disgorgement of his gains as a result of the conduct alleged in the Complaint in the amount of \$2,181,757.68 together with prejudgment interest from December 1, 2000 to the present, in the amount of \$835,557.89, for a total of \$3,017,315.57. Defendant shall also pay a

civil penalty in the amount of \$20,000 pursuant to Section 20(d) of the Securities Act of 1933 [15 U.S.C. § 77t], Section 21(d) of the Securities Exchange Act of 1934 [15 U.S.C. § 78u(d)] and Section 209(e) of the Investment Advisers Act of 1940 [15 U.S.C. § 80b-9(e)].

The SEC and Defendant Chamberlin will jointly submit a written payment plan to the Court on or before August 14, 2006 that will identify the method of payment by which Defendant Chamberlin shall pay the amount of disgorgement, prejudgment interest and civil penalty specified in the previous paragraph.

Defendant shall, simultaneously with any payments to the Clerk of the Court, transmit photocopies of each such payment and letter to the Commission's counsel in this action. By making any such payments, Defendants relinquishes all legal and equitable right, title, and interest in such funds, and no part of the funds shall be returned to Defendant. The Clerk shall deposit the funds into an interest bearing account with the Court Registry Investment System ("CRIS") or any other type of interest bearing account that is utilized by the Court. These funds, together with any interest and income earned thereon (collectively, the "Fund"), shall be held in the interest bearing account until further order of the Court.

In accordance with 28 U.S.C. § 1914 and the guidelines set by the Director of the Administrative Office of the United States Courts, the Clerk is directed, without further order of this Court, to deduct from the income earned on the money in the Fund a fee equal to ten percent of the income earned on the Fund. Such fee shall not exceed that authorized by the Judicial Conference of the United States. The Commission may propose a plan to distribute the Fund subject to the Court's approval. Defendant shall pay post-judgment interest on any delinquent amounts pursuant to 28 USC § 1961.

All civil penalty amounts paid into the Fund may be distributed to investors as part of any plan of distribution, pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002. Regardless of whether any such Fair Fund distribution is made, amounts ordered to be paid as civil penalties pursuant to this Judgment shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Defendant shall not, after offset or reduction of any award of compensatory damages in any Related Investor Action based on Defendant's payment of disgorgement in this action, argue that he is entitled to, nor shall he further benefit by, offset or reduction of such compensatory damages award by the amount of any part of Defendant's payment of a civil penalty in the action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Defendant shall, within 30 days after entry of a final order granting Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the United States Treasury or to a Fair Fund, as the Commission directs. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this Judgment. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Defendant by or on behalf of one or more investors based on substantially the same facts as alleged in the Complaint in this action.

II.

[Motion to Waive Enforcement]

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Donald F. Chamberlin's Motion to Waive Enforcement is denied.

**III.
[Fair Fund]**

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that the SEC's Motion for Establishment of a Fair Fund, the Defendant having no objection, is granted.

IT IS SO ORDERED.

s/Nancy G. Edmunds
Nancy G. Edmunds
United States District Judge

Dated: July 27, 2006

I hereby certify that a copy of the foregoing document was served upon counsel of record on July 27, 2006, by electronic and/or ordinary mail.

s/Carol A. Hemeyer
Case Manager