

United States Courts
Southern District of Texas
ENTERED

DEC 18 2006

Michael N. Milby, Clerk of Court

**UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

**HUMATECH, INC.,
DAVID G. WILLIAMS, and
JOHN D. ROTTWEILER,**

Defendants.

Civil Action No. H-05-0665
Judge Nancy F. Atlas

**AGREED FINAL JUDGMENT AGAINST HUMATECH, INC.,
DAVID G. WILLIAMS AND JOHN D. ROTTWEILER**

The Securities and Exchange Commission having filed a Complaint and Defendants Humatech, Inc., David G. Williams and John D. Rottweiler (collectively "Defendants") having entered a general appearance; consented to the Court's jurisdiction 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:

I.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Defendants and their 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 Section 17(a) of the Securities Act of 1933 ("Securities Act")[15 U.S.C. § 77q(a)] in the offer or sale of

any security by the use of any means or instruments of transportation or communication in interstate commerce or by use of the mails, directly or indirectly:

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

II.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendants and their agents, servants, employees, attorneys, and all persons in active concert or participation with them who receive actual notice of this 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.

III.

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Humatech and its agents, servants, employees, attorneys, and all persons in active concert or participation with it who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 12b-20, 13a-1 and 13a-13 thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-13] by:

(a) failing to file with the Commission:

(1) such information and documents as the Commission shall require to keep reasonably current the information and documents required to be included in or filed with an application or registration statement filed pursuant to Section 12 of the Exchange Act, and

(2) such annual and quarterly reports as prescribed by Commission Rules 13a-1 and 13a-13; or

(b) failing to add to any statement or report filed pursuant to Section 12 of the Exchange Act such further material information, if any, as may be necessary to make the required statements, in the light of the circumstances under which they are made, not misleading as described in Rule 12b-20.

IV.

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Williams and Defendant Rottweiler and their 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 aiding and abetting any violation of Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 12b-20, 13a-1 and 13a-13 thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-13] by knowingly providing substantial assistance to an issuer that:

(a) fails to file with the Commission:

(1) such information and documents as the Commission shall require to keep reasonably current the information and documents required to be included in or filed with an application or registration statement filed pursuant to Section 12 of the Exchange Act, and

(2) such annual and quarterly reports as prescribed by Commission Rules 13a-1 and 13a-13; or

(b) fails to add to any statement or report filed pursuant to Section 12 of the Exchange Act such further material information, if any, as may be necessary to make the required statements, in the light of the circumstances under which they are made, not misleading as described in Rule 12b-20.

V.

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Humatech and its agents, servants, employees, attorneys, and all persons in active concert or participation with it who receive actual notice of this Final Judgment by personal service or otherwise are permanently restrained and enjoined from violating Section 13b(2) of the Exchange Act [15 U.S.C. § 78m(b)(2)] by failing to:

- (a) make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of its assets;
- (b) devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that—
 - (1) transactions are executed in accordance with management's general or specific authorization;
 - (2) transactions are recorded as necessary (I) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and (II) to maintain accountability for assets;
 - (3) access to assets is permitted only in accordance with management's general or specific authorization; and
 - (4) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

VI.

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Williams and Defendant Rottweiler and their 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 aiding and abetting any violation of Section 13b(2) of the Exchange Act [15 U.S.C. § 78m(b)(2)] by knowingly providing substantial assistance to an issuer that fails to:

- (a) make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of its assets;
- (b) devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that—
 - (1) transactions are executed in accordance with management's general or specific authorization;
 - (2) transactions are recorded as necessary (I) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and (II) to maintain accountability for assets;
 - (3) access to assets is permitted only in accordance with management's general or specific authorization; and
 - (4) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

VII.

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Williams and Defendant Rottweiler and their 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 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)] and Rules 13b2-1 and 13b2-2 promulgated thereunder [17 C.F.R. §§ 240.13b2-1 and 240.13b2-2], by knowingly circumventing or

knowingly failing to implement a system of internal accounting controls or knowingly falsifying any book record or account described in Section 13(b)(2) of the Exchange Act; or falsifying or causing to be falsified, any book, record or account subject to section 13(b)(2)(A) of the Exchange Act.

VIII.

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Williams and Defendant Rottweiler and their 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, Exchange Act Rule 13a-14 [17 C.F.R. §240. 13a-14] which requires that principal officers of an issuer certify, in regard to each periodic report filed with the Commission, that, among other things, he or she has reviewed the report and that the report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading; the financial statements, and other financial information included in the report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer; and that he or she has designed such disclosure controls and procedures to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to them by others within those entities, particularly during periods in which the periodic reports are being prepared; and that he or she has disclosed to the issuer's auditors and the audit committee of the board of

directors any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal controls

IX.

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Williams and Defendant Rottweiler are each liable for a civil penalty of \$25,000 pursuant to the provisions of Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act, [15 U.S.C. § 78u(d)(3)]. The Court is ordering Defendant Williams and Defendant Rottweiler to each pay \$25,000 pursuant to the following schedule:

Within 10 days of the entry of Final Judgment	\$10,000.00
Within 180 days of the entry of Final Judgment	10,000.00
Within 360 days of the entry of Final Judgment	5,000.00

X.

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that Defendant Williams and Defendant Rottweiler are each prohibited for five years following the date of entry of this Judgment, from acting as a director or officer of any issuer having a class of securities registered with the Commission pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. § 78o(d)].

XI.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that payment shall be made by U.S. Postal money order, certified check, bank cashier's check, or bank money order, made payable to the Securities and Exchange Commission, and be hand-delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Stop 0-3, Alexandria, VA 22312, under cover of a letter that identifies Defendant, the name and case number of this action, the name of this Court, and the Commission's case number (FW-2575). A copy of the cover letter and of the form of payment shall be simultaneously transmitted to Timothy P. Davis, Trial Counsel, Securities and Exchange Commission, Burnett Plaza, Suite 1900, 801 Cherry Street, Unit 18, Fort Worth, TX 76102-6882.

XII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that any order to pay civil penalties is given preclusive effect in any bankruptcy case filed by or against any of the Defendants. Solely for the purpose of such bankruptcy proceedings, such order establishes all the factual elements necessary to enable a court to make a finding that it is non-dischargeable pursuant to 11 U.S.C. §523(a)(4).

XIII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Consents filed by each defendant herein are, and the same is hereby, incorporated in this Final Judgment with the same force and effect as if fully set forth herein.

XIV.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court shall retain jurisdiction of this action for all purposes, including for purposes of entertaining any suitable application or motion by the Commission for additional relief within the jurisdiction of this Court, including but not limited to the relief requested by the Commission in its Complaint in this action.

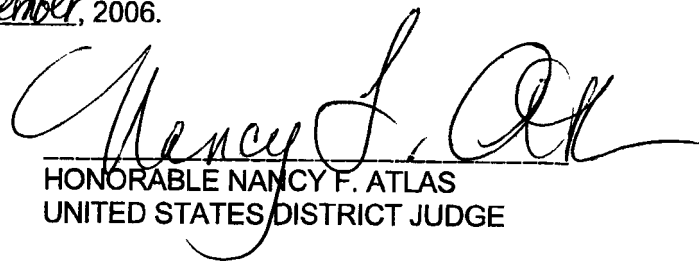
XV.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Final Judgment may be served upon Defendants in person or by mail either by the United States Marshal, by the Clerk of the Court or by any member of the staff of the Commission.

XVI.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that, there being no just reason for delay, the Clerk of this Court is ordered and directed to enter this Final Judgment pursuant to Rule 54 of the Federal Rules of Civil Procedure.

DATED this 18th day of December, 2006.


HONORABLE NANCY F. ATLAS
UNITED STATES DISTRICT JUDGE