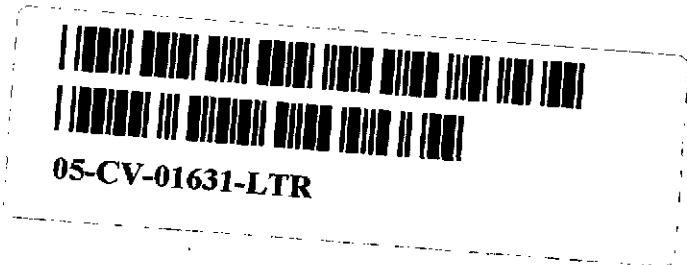


The Honorable John C. Coughenour



UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

C. PAUL SANDIFUR, JR., THOMAS G. TURNER,
DAVID B. SYRE and TRILLIUM CORPORATION

Defendant.

~~PROPOSED~~ FINAL JUDGMENT
AGAINST DEFENDANT C. PAUL
SANDIFUR, JR.

The Securities and Exchange Commission having filed an Amended Complaint and Defendant C. Paul Sandifur, Jr., ("Sandifur") having entered a general appearance; consented to the Court's jurisdiction over Sandifur and the subject matter of this action; consented to entry of this Final Judgment without admitting or denying the allegations of the Amended 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 Sandifur and his agents, servants, employees, those with powers of attorney on Sandifur's behalf, and all persons acting in concert or participation with any of them, who receive actual notice of this Final Judgment, by

~~Proposed~~ Final Judgment Against C. Paul Sandifur, Jr.
SEC v. Sandifur, et al., C05-1631C

Securities and Exchange Commission
44 Montgomery Street, 26th Floor
San Francisco, CA 94104
Telephone: (415) 705-2500

1 personal service or otherwise, and each of them, are permanently enjoined and restrained from,
2 directly or indirectly, violating Section 17(a) of the Securities Act of 1933 ("Securities Act") [15
3 U.S.C. § 77q(a)] by:

- 4 1. employing any device, scheme, or artifice to defraud;
- 5 2. obtaining money or property by means of untrue statements of material fact or by omitting
6 to state a material fact necessary in order to make the statements made, in light of the
7 circumstances under which they were made, not misleading; or
- 8 3. engaging in any transaction, practice, or course of business which operates or would
9 operate as a fraud or deceit upon the purchaser

10 in the offer or sale of any securities by the use of any means or instrumentality of interstate
11 commerce, or of the mails.

12 II.

13 IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Sandifur and his agents,
14 servants, employees, attorneys-in-fact, and all persons in active concert or participation with any of
15 them, who receive actual notice of this Final Judgment, by personal service or otherwise, and each of
16 them, are permanently enjoined and restrained from, directly or indirectly, violating, or aiding and
17 abetting violations of, Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15
18 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5] thereunder by:

- 19 1. employing any device, scheme, or artifice to defraud;
- 20 2. making any untrue statement of a material fact or omitting to state a material fact
21 necessary in order to make the statements made, in the light of the circumstances
22 under which they were made, not misleading; or
- 23 3. engaging in any act, practice, or course of business which operates or would operate as
24 a fraud or deceit upon any person,

25 in connection with the purchase or sale of the securities of any issuer, by the use of any means or
26 instrumentality of interstate commerce, or of the mails, or of any facility of any national securities
27 exchange.

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III.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Sandifur and his agents, servants, employees and attorneys-in-fact, and all persons in active concert or participation with any of them, who receive actual notice of this Final Judgment, by personal service or otherwise, and each of them, are permanently enjoined and restrained 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 promulgated thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-1, 240.13a-13] by knowingly providing substantial assistance to an issuer which has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or Section 15(d) of the Exchange Act [15 U.S.C. § 78o] in failing to file with the Commission such accurate and complete information, reports, and documents as are required to be filed with the Commission pursuant to Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and the Rules thereunder, including but not limited to, annual reports on Form 10-K [17 C.F.R. § 249.310] as prescribed by Exchange Act Rule 13a-1 [17 C.F.R. § 240.13a-1], quarterly reports on Form 10-Q [17 C.F.R. § 249.308a] as prescribed by Exchange Act Rule 13a-13 [17 C.F.R. § 240.13a-13], such information and documents to contain, in addition to such information as is expressly required to be included in a statement or report to the Commission, 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 prescribed by Rule 12b-20 of the Exchange Act [17 C.F.R. § 240.12b-20].

IV.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Sandifur and his agents, servants, employees, attorneys-in-fact, and all persons in active concert or participation with any of them, who receive actual notice of this Final Judgment, by personal service or otherwise, and each of them, are permanently enjoined and restrained from, directly or indirectly, violating Section 13(b)(5) of the Exchange Act [15 U.S.C. § 78m(b)(5)] by knowingly circumventing or failing to implement a system of internal accounting controls or knowingly falsifying any book, record, or account described in Rule 13b2-1 of the Exchange Act [17 C.F.R. § 240.13b2-1].

V.

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2 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Sandifur and his agents,
3 servants, employees and attorneys-in-fact, and all persons in active concert or participation with any
4 of them, who receive actual notice of this Final Judgment, by personal service or otherwise, and each
5 of them, are permanently enjoined and restrained from aiding and abetting any violation of Section
6 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)] by causing any issuer which has a class
7 of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78I] or Section 15(d)
8 of the Exchange Act [15 U.S.C. § 78o] to fail to make or keep books, records or accounts, which, in
9 reasonable detail, accurately and fairly reflect the transactions and dispositions of the issuer's assets.

10 VI.

11 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Sandifur and his
12 agents, servants, employees and attorneys-in-fact, and all persons in active concert or participation
13 with any of them, who receive actual notice of this Final Judgment, by personal service or otherwise,
14 and each of them, are permanently enjoined and restrained from aiding and abetting any violation of
15 Section 13(b)(2)(B) of the Exchange Act [15 U.S.C. § 78m(b)(2)(B)] by causing any issuer which has
16 a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78I] or
17 Section 15(d) of the Exchange Act [15 U.S.C. § 78o] to fail to devise and maintain a system of
18 internal accounting controls sufficient to provide reasonable assurances that:

19 A. transactions are executed in accordance with management's general or specific
20 authorization;

21 B. transactions are recorded as necessary (i) to permit preparation of financial statements in
22 conformity with generally accepted accounting principles or any other criteria applicable to such
23 statements, and (ii) to maintain accountability for assets;

24 C. access to assets is permitted only in accordance with management's general or specific
25 authorization; and

26 D. the recorded accountability for assets is compared with the existing assets at reasonable
27 intervals and appropriate action is taken with respect to any differences.

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VII.

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2 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Sandifur and his
3 agents, servants, employees, attorneys-in-fact, and all persons in active concert or participation with
4 any of them, who receive actual notice of this Final Judgment, by personal service or otherwise, and
5 each of them, are permanently enjoined and restrained from violating Rule 13b2-2 of the Exchange
6 Act [17 C.F.R. §240.13b2-2] by making or causing to be made a materially false or misleading
7 statement, or by omitting to state or causing another person to omit to state, any material fact
8 necessary in order to make statements made, in light of the circumstances under which such
9 statements were made, not misleading, to an accountant in connection with (A) any audit or
10 examination of the financial statements of an issuer required to be made pursuant to the federal
11 securities laws or (B) the preparation or filing of any document or report required to be filed with the
12 Commission pursuant to the federal securities laws or otherwise.

VIII.

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14 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Sandifur and his agents,
15 servants, employees, attorneys-in-fact, and all persons in active concert or participation with any of
16 them, who receive actual notice of this Final Judgment, by personal service or otherwise, and each of
17 them, are permanently enjoined and restrained from, directly or indirectly, violating Section 13(a) of
18 the Exchange Act [15 U.S.C. § 78m(a)] and Rule 13a-14 of the Exchange Act [17 C.F.R. § 240.13a-
19 14] by falsely certifying annual and quarterly reports filed with the Commission under Section 13(a)
20 of the Exchange Act.

IX.

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22 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that, pursuant to Section
23 21(d)(2) of the Exchange Act [15 U.S.C. § 78u(d)(2)], Sandifur is prohibited, for a period of five
24 years following the date of entry of this Final Judgment, from acting as an officer or director of any
25 issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. §
26 78I] or that is required to file reports pursuant to Section 15(d) of the Exchange Act [15 U.S.C. §
27 78o(d)].
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X.

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2 IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant shall
3 pay disgorgement of \$60,000, together with prejudgment interest thereon in the amount of
4 \$15,889.66, and a civil penalty in the amount of \$75,000 pursuant to Section 20(d) of the Securities
5 Act [15 U.S.C. § 77t(d)] and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)]. Defendant
6 shall satisfy this obligation by paying \$150,889.66 within ten business days to the Clerk of this Court,
7 together with a cover letter identifying C. Paul Sandifur, Jr., as a defendant in this action; setting forth
8 the title and civil action number of this action and the name of this Court; and specifying that
9 payment is made pursuant to this Final Judgment. Defendant shall simultaneously transmit
10 photocopies of such payment and letter to the Commission's counsel in this action. By making this
11 payment, Defendant relinquishes all legal and equitable right, title, and interest in such funds, and no
12 part of the funds shall be returned to Defendant. Defendant shall pay post-judgment interest on any
13 delinquent amounts pursuant to 28 USC § 1961.

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15 The Clerk shall deposit the funds into an interest bearing account with the Court Registry
16 Investment System ("CRIS") or any other type of interest bearing account that is utilized by the
17 Court. These funds, together with any interest and income earned thereon (collectively, the "Fund"),
18 shall be held in the interest bearing account until further order of the Court. In accordance with 28
19 U.S.C. § 1914 and the guidelines set by the Director of the Administrative Office of the United States
20 Courts, the Clerk is directed, without further order of this Court, to deduct from the income earned on
21 the money in the Fund a fee equal to ten percent of the income earned on the Fund. Such fee shall
22 not exceed that authorized by the Judicial Conference of the United States.

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25 The Commission may by motion propose a plan to distribute the Fund subject to the Court's
26 approval. Such a plan may provide that the Fund shall be distributed pursuant to the Fair Fund
27 provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002. Regardless of whether any such
28 Fair Fund distribution is made, amounts ordered to be paid as civil penalties pursuant to this

1 Judgment shall be treated as penalties paid to the government for all purposes, including all tax
2 purposes. To preserve the deterrent effect of the civil penalty, Defendant shall not, after offset or
3 reduction of any award of compensatory damages in any Related Investor Action based on
4 Defendant's payment of disgorgement in this action, argue that he is entitled to, nor shall he further
5 benefit by, offset or reduction of such compensatory damages award by the amount of any part of
6 Defendant's payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related
7 Investor Action grants such a Penalty Offset, Defendant shall, within 30 days after entry of a final
8 order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount
9 of the Penalty Offset to the United States Treasury or to a Fair Fund, as the Commission directs.
10 Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the
11 amount of the civil penalty imposed in this Judgment. For purposes of this paragraph, a "Related
12 Investor Action" means a private damages action brought against Defendant by or on behalf of one or
13 more investors based on substantially the same facts as alleged in the Complaint in this action.
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17 XI.

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

21 XII.

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

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


4 PRESENTED BY:

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6
7 Helene L. Morrison
8 Robert L. Mitchell
9 Judith L. Anderson
10 Kristin A. Snyder

11 Attorneys for Plaintiff
12 Securities and Exchange Commission
13 44 Montgomery Street, Suite 2500
14 San Francisco, California 94104
15 Telephone: (415) 705-2500
16 Fax: (415) 705-2501

17 APPROVED AS TO FORM:

18 

19 Troy Greenfield
20 Robert S. Mahler
21 Bullivant Houser Bailey PC
22 1601 Fifth Avenue, Suite 2300
23 Seattle, WA 98101
24 Telephone: (206) 292-8930
25 Attorneys for Defendant C. Paul Sandifur, Jr.

26
27 Dated this 30th day of Oct, 2007

28 
The Honorable John C. Coughenour
United States District Judge