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**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION**

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

REAL ESTATE PARTNERS, INC.;
REAL ESTATE PARTNERS INCOME
FUND I, LLC; REAL ESTATE
PARTNERS INCOME FUND II, BT;
REAL ESTATE PARTNERS INCOME
FUND III, BT; REAL ESTATE
PARTNERS UNIT INVESTMENT
BUSINESS TRUST I; REAL ESTATE
PARTNERS UNIT INVESTMENT
BUSINESS TRUST II; REAL ESTATE
PARTNERS EQUITY FUND, BT; REAL
ESTATE PARTNERS GROWTH FUND,
BT; DAWSON DAVENPORT;
MICHAEL P. OWENS; DONALD G.
RYAN; RICHARD MCGILL; WILLIAM
L. SANDERS; MICHAEL TUCHMAN;
and DANNY RAYBURN,

Defendants.

Case No. SACV 07-1022 AG (MLGx)

**FINAL JUDGMENT AGAINST
DAWSON DAVENPORT**

1 The Court, having previously entered a Judgment Of Permanent Injunction
2 And Other Relief As To Defendant Dawson Davenport pursuant to the Consent of
3 Dawson Davenport (“Davenport”) on September 4, 2009 (Dkt. No. 125), and
4 having granted Plaintiff Securities and Exchange Commission (“Commission”)
5 summary judgment regarding all remaining relief it sought against Davenport by
6 Order issued on October 28, 2013 (Dkt. No. 143), now issues this Final Judgment
7 setting forth all relief granted against Davenport:

8 **I.**

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

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

25 **II.**

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

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

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

13 **III.**

14 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that
15 Defendant and Defendant’s agents, servants, employees, attorneys, and all persons
16 in active concert or participation with them who receive actual notice of this Final
17 Judgment by personal service or otherwise are permanently restrained and enjoined
18 from violating Section 5 of the Securities Act, 15 U.S.C. § 77e, by, directly or
19 indirectly, in the absence of any applicable exemption:

- 20 (a) Unless a registration statement is in effect as to a security, making use
21 of any means or instruments of transportation or communication in
22 interstate commerce or of the mails to sell such security through the
23 use or medium of any prospectus or otherwise;
- 24 (b) Unless a registration statement is in effect as to a security, carrying or
25 causing to be carried through the mails or in interstate commerce, by
26 any means or instruments of transportation, any such security for the
27 purpose of sale or for delivery after sale; or

1 (c) Making use of any means or instruments of transportation or
2 communication in interstate commerce or of the mails to offer to sell
3 or offer to buy through the use or medium of any prospectus or
4 otherwise any security, unless a registration statement has been filed
5 with the Commission as to such security, or while the registration
6 statement is the subject of a refusal order or stop order or (prior to the
7 effective date of the registration statement) any public proceeding or
8 examination under Section 8 of the Securities Act, 15 U.S.C. § 77h.

9 **IV.**

10 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that
11 Defendant shall withdraw and renounce all claims and interests, whether
12 scheduled, filed or otherwise presented, in the bankruptcy cases *In re Real Estate*
13 *Partners, Inc.*, Case No. 8:07-13239 TA (Bankr. C.D. Cal.), jointly administered
14 with Case Nos. 8:07-13240 TA through 8:07-13246 TA (Bankr. C. D. Cal.), to the
15 extent he has not already done so pursuant to the Judgment entered against him
16 pursuant to his Consent on September 4, 2009 (Dkt. 125). To the extent Defendant
17 has filed or otherwise presented claims in these cases, he shall file corresponding
18 Withdrawals and Notices of Withdrawal, if he has not done so pursuant to the
19 September 29, 2009, Judgment.

20 **V.**

21 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that
22 Defendant is liable for disgorgement of \$256,667.27, representing profits gained as
23 a result of the conduct alleged in the Complaint, together with prejudgment interest
24 thereon in the amount of \$111,396.26. Defendant shall satisfy this obligation by
25 paying \$368,063.53 to the estate of *In re Real Estate Partners, Inc. et al.*, through
26 its court-appointed natural person in charge, Richard Kipperman. Defendant shall
27 simultaneously transmit photocopies of evidence of payment and case identifying
28 information to the Commission's counsel in this action. By making this payment,

1 Defendant relinquishes all legal and equitable right, title, and interest in such funds
2 and no part of the funds shall be returned to Defendant. To the extent that
3 Defendant has already made payments to the estate of *In re Real Estate Partners,*
4 *Inc. et al.*, and he provides evidence of such payments to the Commission through
5 its counsel, including copies of canceled checks or documentation of wire
6 transfers, those amounts shall be deemed paid in partial satisfaction of Defendant's
7 disgorgement liability pursuant to this Final Judgment.

8 **VI.**

9 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that
10 Defendant shall pay a civil penalty in the amount of \$256,667.27 to the Securities
11 and Exchange Commission pursuant to Section 20(d)(2)(C) of the Securities Act,
12 15 U.S.C. § 77t(d)(2)(C), and Section 21(d)(3)(B)(iii) of the Exchange Act, 15
13 U.S.C. § 78u(d)(3)(B)(iii). Defendant may transmit payment electronically to the
14 Commission, which will provide detailed ACH transfer/Fedwire instructions upon
15 request. Payment may also be made directly from a bank account via Pay.gov
16 through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>. Defendant
17 may also pay by certified check, bank cashier's check, or United States postal
18 money order payable to the Securities and Exchange Commission, which shall be
19 delivered or mailed to

20 Enterprise Services Center
21 Accounts Receivable Branch
22 6500 South MacArthur Boulevard
23 Oklahoma City, OK 73169

24 and shall be accompanied by a letter identifying the case title, civil action number,
25 and name of this Court; Dawson Davenport as a defendant in this action; and
26 specifying that payment is made pursuant to this Final Judgment. Defendant shall
27 simultaneously transmit photocopies of evidence of payment and case identifying
28 information to the Commission's counsel in this action. By making this payment,

1 Defendant relinquishes all legal and equitable right, title, and interest in such funds
2 and no part of the funds shall be returned to Defendant. The Commission shall
3 send the funds paid pursuant to this Final Judgment to the United States Treasury.

4 **VII.**

5 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this
6 Court shall retain jurisdiction of this matter for the purposes of enforcing the terms
7 of this Final Judgment, and all other Judgments entered in this Action.

8 **VIII.**

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



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13 Dated: June 18, 2014

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15 HONORABLE ANDREW J. GUILFORD
16 UNITED STATES DISTRICT JUDGE
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