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9 **UNITED STATES DISTRICT COURT**  
10 **CENTRAL DISTRICT OF CALIFORNIA**  
11 **SANTA ANA DIVISION**

12 SECURITIES AND EXCHANGE  
13 COMMISSION,

14 Plaintiff,

15 vs.

16 REAL ESTATE PARTNERS, INC.;  
17 REAL ESTATE PARTNERS INCOME  
FUND I, LLC; REAL ESTATE  
18 PARTNERS INCOME FUND II, BT;  
REAL ESTATE PARTNERS INCOME  
19 FUND III, BT; REAL ESTATE  
PARTNERS UNIT INVESTMENT  
20 BUSINESS TRUST I; REAL ESTATE  
PARTNERS UNIT INVESTMENT  
21 BUSINESS TRUST II; REAL ESTATE  
PARTNERS EQUITY FUND, BT;  
22 REAL ESTATE PARTNERS GROWTH  
FUND, BT; DAWSON DAVENPORT;  
23 WILLIAM P. OWENS; DONALD G.  
RYAN; WILLIAM Sanders; WILLIAM  
24 L. SANDERS; WILLIAM SANDERS;  
and DANNY RAYBURN,

25 Defendants.

Case No.: SACV 07-1022 AG (RNBx)

**FINAL JUDGMENT AS TO  
DEFENDANT DONALD G. RYAN**

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1 The Securities and Exchange Commission having filed a Complaint and  
2 Defendant Donald G. Ryan having entered a general appearance; consented to the  
3 Court's jurisdiction over Defendant and the subject matter of this action; consented  
4 to entry of this Final Judgment without admitting or denying the allegations of the  
5 Complaint (except as to jurisdiction); waived findings of fact and conclusions of  
6 law; and waived any right to appeal from this Final Judgment:

7 **I.**

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

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

24 **II.**

25 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that  
26 Defendant and Defendant's agents, servants, employees, attorneys, and all persons  
27 in active concert or participation with them who receive actual notice of this Final  
28 Judgment by personal service or otherwise are permanently restrained and enjoined

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

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

12 **III.**

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

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

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

7 **IV.**

8 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that  
9 Defendant and Defendant's agents, servants, employees, attorneys, and all persons  
10 in active concert or participation with them who receive actual notice of this Final  
11 Judgment by personal service or otherwise are permanently restrained and enjoined  
12 from violating Section 15(a) of the Exchange Act, 15 U.S.C. § 78o(a), by making  
13 use of the mails or any means or instrumentality of interstate commerce to effect  
14 any transaction in, or to induce or attempt to induce the purchase or sale of, any  
15 security, without being registered as a broker or dealer in accordance with Section  
16 15(b) of the Exchange Act, 15 U.S.C. § 78o(b).

17 **V.**

18 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that  
19 Defendant is liable for disgorgement of \$3,081,807, representing profits gained as  
20 a result of the conduct alleged in the Complaint, together with prejudgment interest  
21 thereon in the amount of \$271,346 for a total of \$3,353,153. Based on Defendant's  
22 sworn representations in his Statement of Financial Condition dated February 27,  
23 2008, and other documents and information submitted to the Commission,  
24 however, the Court is not ordering Defendant to pay a civil penalty and payment of  
25 all of the disgorgement and prejudgment interest thereon is waived. The  
26 determination not to impose a civil penalty and to waive payment of the  
27 disgorgement and prejudgment interest is contingent upon the accuracy and  
28 completeness of Defendant's Statement of Financial Condition. If at any time

1 following the entry of this Final Judgment the Commission obtains information  
2 indicating that Defendant's representations to the Commission concerning his  
3 assets, income, liabilities, or net worth were fraudulent, misleading, inaccurate, or  
4 incomplete in any material respect as of the time such representations were made,  
5 the Commission may, at its sole discretion and without prior notice to Defendant,  
6 petition the Court for an order requiring Defendant to pay the unpaid portion of the  
7 disgorgement, prejudgment and post-judgment interest thereon, and the maximum  
8 civil penalty allowable under the law. In connection with any such petition, the  
9 only issue shall be whether the financial information provided by Defendant was  
10 fraudulent, misleading, inaccurate, or incomplete in any material respect as of the  
11 time such representations were made. In its petition, the Commission may move  
12 this Court to consider all available remedies, including, but not limited to, ordering  
13 Defendant to pay funds or assets, directing the forfeiture of any assets, or sanctions  
14 for 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 the Consent or this Final Judgment; (2) contest the allegations in the  
17 Complaint filed by the Commission; (3) assert that payment of disgorgement, pre-  
18 judgment and post-judgment interest or a civil penalty should not be ordered; (4)  
19 contest the amount of disgorgement and prejudgment and post-judgment interest;  
20 (5) contest the imposition of the maximum civil penalty allowable under the law;  
21 or (6) assert any defense to liability or remedy, including, but not limited to, any  
22 statute of limitations defense.

## 23 VI.

24 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the  
25 Consent is incorporated herein with the same force and effect as if fully set forth  
26 herein, and that Defendant shall comply with all of the undertakings and  
27 agreements set forth therein.

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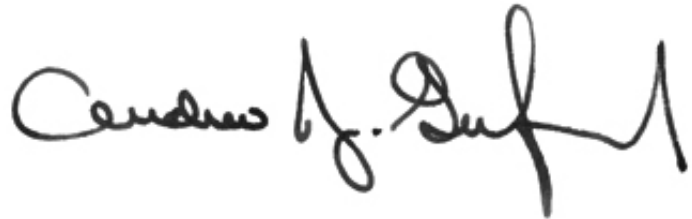
**VII.**

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.

**VIII.**

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: June 5, 2008



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HONORABLE ANDREW J. GUILFORD  
UNITED STATES DISTRICT JUDGE

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