

Cotc, 5

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

BRIAN N. LINES, et al.,

Defendants.

C.A. No. 07-11387 (DLC)

8/19/11

~~[PROPOSED]~~⁹ FINAL JUDGMENT AS TO PHILLIP JAMES CURTIS,
WILLIAM TODD PEEVER AND ROBERT J. CHAPMAN

Plaintiff Securities and Exchange Commission commenced this action by filing its Complaint against Defendants Phillip James Curtis, William Todd Peever, Robert J. Chapman and others. Peever and Curtis previously entered general appearances and consented to the Court's jurisdiction over them and the subject matter of this action. [D.E. 33, 34]. Peever and Curtis also previously consented to: a permanent injunction prohibiting violations of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §§ 77e(a), 77e(c), and 77q(a)], and Sections 10(b), 13(d) and Rules 10b-5, 13d-1 and 13d-2 of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78j(b), 78m(d) and 17 C.F.R. §§ 240.10b-5, 240.13d-1 and 240.13d-2]; a penny stock bar; the Commission's entitlement to disgorgement and prejudgment interest, and to a civil money penalty pursuant to 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)]. [D.E. 33, 34].

On the motion of the Plaintiff, this Court previously entered a judgment by default

against Chapman. [D.E. 198]. The judgment provided: a permanent injunction prohibiting violations of Section 10(b) and Rule 10b-5 of the Securities Exchange Act of 1934 (“Exchange Act”) [15 U.S.C. §§ 78j(b) and 17 C.F.R. §§ 240.10b-5]; a penny stock bar; the Commission’s entitlement to seek disgorgement and prejudgment interest, and a civil money penalty. [D.E. 198].

Presently before the Court is the Commission’s Motion For Supplemental Order Imposing Disgorgement, Prejudgment Interest and Civil Penalties [D.E. 231]. For the reasons stated in this Court’s Memorandum Opinion and Order [D.E. 239], the Commission’s Motion is GRANTED, and disgorgement, prejudgment interest and civil monetary penalties are ORDERED as follows:

I.

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendants Phillip James Curtis and William Todd Peever are liable, jointly and severally, for disgorgement of \$2,894,537.48, representing profits gained as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$1,611,998.18, covering the period of June 18, 2003 through August 18, 2011. Defendant Phillip James Curtis is further liable for a civil penalty in the amount of \$120,000 pursuant to 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)] and Defendant William Todd Peever also liable for a civil penalty in the amount of \$120,000 pursuant to 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)]. Defendant Robert J. Chapman is liable for a civil penalty in the amount of \$120,000 pursuant to Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)]. Each Defendant shall satisfy this obligation by paying \$4,626,535.66 (Peever and

Curtis) and \$120,000 (Chapman) within 14 days after entry of this Final Judgment by certified check, bank cashier's check, or United States postal money order payable to the Clerk of this Court, together with a cover letter identifying the particular Defendant as a defendant in this action; setting forth the title and civil action number of this action and the name of this Court; and specifying that payment is made pursuant to this Final Judgment. Defendants shall simultaneously transmit photocopies of such payment and letter to the Commission's counsel in this action. By making this payment, each Defendant relinquishes all legal and equitable right, title, and interest in such funds, and no part of the funds shall be returned to Defendant. Defendants shall pay post-judgment interest on any delinquent amounts pursuant to 28 U.S.C. § 1961.

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.

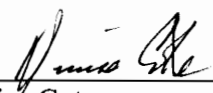
The Commission may by motion propose a plan to distribute the Fund subject to the Court's approval. Such a plan may provide that the Fund shall be distributed pursuant to the Fair Fund provisions of Section 308(a) of the Sarbanes-Oxley Act of 2002. Regardless of whether any such Fair Fund distribution 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, Defendants 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 it is entitled to, nor shall it 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 this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Defendant shall, within thirty (30) days after entry of a final order granting the 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.

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.

Dated: August 19, 2011



Hon. Denise Cote
UNITED STATES DISTRICT JUDGE

