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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
OAKLAND DIVISION

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

WILLIAM MICHAEL GALLAHAIR,

Defendant.

08 CV 05134 SBA

**FINAL JUDGMENT AS TO DEFENDANT
WILLIAM MICHAEL GALLAHAIR**

The Securities and Exchange Commission having filed a Complaint and Defendant William Michael Gallahair (“Gallahair”) having entered a general appearance; consented to the Court’s jurisdiction over him 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 Defendant Gallahair and Defendant Gallahair’s 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 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.

II.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Gallahair and Defendant Gallahair's 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 14(e) of the Exchange Act [15 U.S.C. § 78n(e)] and Rule 14e-3 [17 C.F.R. § 240.14e-3] promulgated thereunder, in connection with any tender offer or request or invitation for tenders, from engaging in any fraudulent, deceptive, or manipulative act or practice, by:

- (a) purchasing or selling or causing to be purchased or sold the securities sought or to be sought in such tender offer, securities convertible into or exchangeable for any such securities or any option or right to obtain or dispose of any of the foregoing securities while in possession of material information relating to such tender offer that Defendant knows or has reason to know is nonpublic and knows or has reason to know

1 has been acquired directly or indirectly from the offering person; the issuer of the
2 securities sought or to be sought by such tender offer; or any officer, director, partner,
3 employee or other person acting on behalf of the offering person of such issuer, unless
4 within a reasonable time prior to any such purchase or sale such information and its
5 source are publicly disclosed by press release or otherwise; or
6

7 (b) communicating material, nonpublic information relating to a tender offer, which
8 Defendant knows or has reason to know is nonpublic and knows or has reason to know
9 has been acquired directly or indirectly from the offering person; the issuer of the
10 securities sought or to be sought by such tender offer; or any officer, director, partner,
11 employee, advisor, or other person acting on behalf of the offering person of such
12 issuer, to any person under circumstances in which it is reasonably foreseeable that
13 such communication is likely to result in the purchase or sale of securities in the
14 manner described in subparagraph (a) above, except that this paragraph shall not apply
15 to a communication made in good faith
16

17 (i) to the officers, directors, partners or employees of the
18 offering person, to its advisors or to other persons, involved
19 in the planning, financing, preparation or execution of such
20 tender offer;
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22 (ii) to the issuer whose securities are sought or to be sought by
23 such tender offer, to its officers, directors, partners,
24 employees or advisors or to other persons involved in the
25 planning, financing, preparation or execution of the
26 activities of the issuer with respect to such tender offer; or
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(iii) to any person pursuant to a requirement of any statute or rule or regulation promulgated thereunder.

III.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Gallahair is liable for disgorgement of \$120,170.13 representing profits gained as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$31,898.32, for a total of \$152,068.45. Defendant Gallahair shall satisfy this obligation by paying \$152,068.45 within ten business days to the Clerk of this Court, together with a cover letter identifying William Michael Gallahair 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. Defendant Gallahair shall simultaneously transmit photocopies of such payment and letter to the Commission's counsel in this action. By making this payment, Defendant Gallahair relinquishes all legal and equitable right, title, and interest in such funds, and no part of the funds shall be returned to Defendant Gallahair. 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 propose a plan to distribute the Fund subject to the Court's approval. Defendant shall pay post-judgment interest on any delinquent amounts pursuant to 28 USC § 1961.

IV.

IT IS HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant Gallahair shall pay a civil penalty in the amount of \$120,170.13 pursuant to Section 21A of the Exchange Act. Defendant Gallahair shall make this payment within ten business days after entry of this Final Judgment by certified check, bank cashier's check, or United States postal money order payable to the Securities and Exchange Commission. The payment shall be delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Mail Stop 0-3, Alexandria, Virginia 22312, and shall be accompanied by a letter identifying William Michael Gallahair 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. Defendant shall pay post-judgment interest on any delinquent amounts pursuant to 28 USC § 1961. The Commission shall remit the funds paid pursuant to this paragraph to the United States Treasury.

V.

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

VI.

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.

VII.

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


UNITED STATES DISTRICT COURT JUDGE

Dated: 4/10/09