

**IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLORADO**

U. S. Securities and Exchange Commission,	)	
	)	
Plaintiff,	)	<b>Civil Action</b>
	)	
v.	)	<b>No. 09-497-KHV</b>
	)	
The Regency Group, LLC, et al.,	)	
	)	
Defendants.	)	
	)	

**FINAL JUDGMENT AGAINST JOSEPH S. FERNANDO  
AND WELLINGTON CAPITAL ENTERPRISES, INC.**

By Order of May 12, 2010, the Court granted the motion of plaintiff Securities and Exchange Commission (“SEC”) for default judgments against defendants Joseph S. Fernando (“Fernando”) and Wellington Capital Enterprises, Inc. (“Wellington”) and provided that the default judgments would be entered at the conclusion of this litigation. Order Adopting Recommendation of United States Magistrate Judge (“May 2010 Order”). The SEC has now moved pursuant to the May 2010 Order for entry of final judgment on default against Fernando and Wellington, including injunctive relief, disgorgement, prejudgment interest, a bar on participating in penny stock offerings, and, as to Fernando, a civil penalty. The SEC’s motion has not been opposed.

The Court hereby grants the Commission’s motion and enters this final judgment against Fernando and Wellington. The Court finds, based on the allegations in the Complaint, which are deemed to be true as a consequence of the defaults, that Fernando and Wellington have violated and unless enjoined will continue to violate Section 17(a) of the Securities Act of 1933 (“Securities Act”) [15 U.S.C. § 77q(a)] and Section 10(b) of

the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. § 240.10b-5].

Based on the foregoing, and after consideration of the memorandum, declarations, and exhibits submitted by the SEC in support of its motion, it is hereby ORDERED as follows:

**I.**

IT IS HEREBY ORDERED, ADJUDGED, and DECREED that defendants Fernando and Wellington and their 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 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated thereunder [17 C.F.R. 240.10b-5], by using the 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 defendants Fernando and Wellington and their 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 17(a) of the Securities Act of 1933 ("Securities Act") [15 U.S.C. §77q(a)] in the offer or sale of any security by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails, directly or indirectly:

- (a) to employ any device, scheme, or artifice to defraud;
- (b) to obtain money or property by means of any untrue statement of a material fact or any omission 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 transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser.

**III.**

IT IS HEREBY FURTHER ORDERED, ADJUDGED, and DECREED that defendant Fernando is liable for disgorgement of \$1,863,708, representing profits gained as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$665,473.32, and a civil penalty in the amount of \$100,000 pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)] and Section 21(d) of

the Exchange Act [15 U.S.C. § 78u(d)(3)]. Defendant Fernando shall satisfy this obligation by paying \$2,629,181.32 within ten 14 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, 100 F Street, N.E., Stop 6042, Washington, D.C. 20549, and shall be accompanied by a letter identifying Fernando 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 Fernando 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.

#### IV.

IT IS HEREBY FURTHER ORDERED that defendant Wellington is liable for disgorgement of \$182,986, representing profits gained as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$63,934.51. Defendant Wellington shall satisfy this obligation by paying \$246,920.51 within ten 14 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, 100 F Street, N.E., Stop 6042, Washington, D.C. 20549, and shall be accompanied by a letter identifying Wellington 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 Wellington 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 HEREBY FURTHER ORDERED, ADJUDGED, AND DECREED that defendants Fernando and Wellington are permanently barred from participating in an offering of penny stock, including engaging in activities with a broker, dealer, or issuer for purposes of issuing, trading, or inducing or attempting to induce the purchase or sale of any penny stock. A penny stock is any equity security that has a price of less than five dollars, except as provided in Rule 3a51-1 under the Exchange Act [17 C.F.R. 240.3a51-1].

VI.

IT IS HEREBY 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 54(b) of the Federal Rules of Civil Procedure, the Clerk is ordered to enter this Final Judgment forthwith and without further notice.

Dated: November 9, 2011

s/Kathryn H. Vratil  
KATHRYN VRATIL  
United States District Judge