

1 MARC J. FAGEL (Cal. Bar No. 154425)
fagelm@sec.gov
2 MICHAEL S. DICKE (Cal. Bar No. 158187)
dickem@sec.gov
3 ROBERT L. MITCHELL (Cal. Bar No. 161354)
mitchellr@sec.gov
4 VICTOR HONG (Cal. Bar No. 165938)
hongv@sec.gov

FILED IN THE
U.S. DISTRICT COURT
EASTERN DISTRICT OF WASHINGTON

JUN - 2 2010

JAMES R. LARSEN, CLERK
DEPUTY
SPOKANE, WASHINGTON

5 Attorneys for Plaintiff
6 SECURITIES AND EXCHANGE
COMMISSION
7 44 Montgomery Street, Suite 2600
San Francisco, California 94104
8 Telephone: (415) 705-2500
Facsimile: (415) 705-2501
9

10 UNITED STATES DISTRICT COURT
11 EASTERN DISTRICT OF WASHINGTON
12

13 SECURITIES AND EXCHANGE
14 COMMISSION,

15 Plaintiff,

16 v.

17 CRAIG T. JOLLY and QUEST HOLDINGS,
18 INC.,

19 Defendants.
20

Case No.: CV-09-38-EFS

[REDACTED] FINAL JUDGMENT
RENDERING JUDGMENT BY
DEFAULT AGAINST QUEST
HOLDINGS, INC. AND IMPOSING
FINANCIAL REMEDIES
AGAINST QUEST HOLDINGS,
INC. AND CRAIG T. JOLLY

21
22 The motion of plaintiff Securities and Exchange Commission
23 ("Commission") for Default Judgment Against Quest Holdings, Inc. and
24 Imposition of Financial Remedies Against Quest Holdings, Inc. and Craig T. Jolly
25 came duly before the Court. The Court, having reviewed the motion papers and
26 the Court's file, and for good cause shown, finds as follows:

27 CASE No.: CV-09-38-EFS
28 SEC V. JOLLY AND QUEST HOLDINGS, INC.

[PROPOSED] FINAL JUDGMENT RENDERING
JUDGMENT BY DEFAULT AGAINST QUEST
HOLDINGS, INC. AND IMPOSING FINANCIAL
REMEDIES AGAINST QUEST HOLDINGS, INC.
AND CRAIG T. JOLLY

I.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that judgment is rendered against defendant Quest Holdings, Inc. ("Quest") by default, pursuant to Federal Rule of Civil Procedure 55(b)(2).

II.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendants Quest and Craig T. Jolly ("Jolly") (together, "Defendants") and their officers, agents, servants, employees, attorneys, and those persons in active concert or participation with any of them, who receive actual notice of this Judgment, by personal service or otherwise, are permanently restrained and enjoined from violating Section 5 of the Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77e] by, directly or indirectly, in the absence of any applicable exemption:

- (a) Unless a registration statement is in effect as to a security, making use of any means or instruments of transportation or communication in interstate commerce or of the mails to sell such security through the use or medium of any prospectus or otherwise;
- (b) Unless a registration statement is in effect as to a security, carrying or causing to be carried through the mails or in interstate commerce, by any means or instruments of transportation, any such security for the purpose of sale or for delivery after sale; or
- (c) Making use of any means or instruments of transportation or communication in interstate commerce or of the mails to offer to sell or offer to buy through the use or medium of any prospectus or otherwise any security, unless a registration statement has been filed with the Commission as to such security, or while the registration

1 statement is the subject of a refusal order or stop order or (prior to the
2 effective date of the registration statement) any public proceeding or
3 examination under Section 8 of the Securities Act [15 U.S.C. § 77h].
4

5 III.

6 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that
7 Defendants and their officers, agents, servants, employees, attorneys, and those
8 persons in active concert or participation with any of them, who receive actual
9 notice of this Judgment, by personal service or otherwise, and each of them, are
10 permanently restrained and enjoined from, in the offer or sale of any securities, by
11 the use of any means or instruments of transportation or communication in
12 interstate commerce or by the use of the mails, directly or indirectly:

- 13 A. employing any device, scheme, or artifice to defraud; or
- 14 B. obtaining money or property by means of any untrue statement of a
15 material fact or any omission to state a material fact necessary in order
16 to make the statements made, in light of the circumstances under
17 which they were made, not misleading; or
- 18 C. engaging in any transaction, practice, or course of business which
19 operates or would operate as a fraud or deceit upon the purchaser;
20 in violation of Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)].

21
22 IV.

23 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that
24 Defendants and their officers, agents, servants, employees, attorneys, and those
25 persons in active concert or participation with any of them, who receive actual
26 notice of this Judgment, by personal service or otherwise, and each of them, are

1 permanently restrained and enjoined from, directly or indirectly, by the use of any
2 means or instrumentality of interstate commerce, or of the mails, or of any facility
3 of any national securities exchange:

- 4 A. employing any device, scheme, or artifice to defraud;
- 5 B. making any untrue statement of a material fact or omitting to state a
6 material fact necessary in order to make the statements made, in the
7 light of the circumstances under which they were made, not
8 misleading; or
- 9 C. engaging in any act, practice, or course of business which operates or
10 would operate as a fraud or deceit upon any person;

11 in connection with the purchase or sale of any security, in violation of Section
12 10(b) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §
13 78j(b)] and Exchange Act Rule 10b-5 [17 C.F.R. § 240.10b-5].

14
15 V.

16 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendants
17 shall be jointly and severally liable to pay disgorgement of \$ 2,094,847.06,
18 representing Defendants' ill-gotten gains from the conduct alleged in Complaint in this
19 action, together with prejudgment interest thereon in the amount of
20 \$ 623,103.44, for a total of \$ 2,717,950.50. The Commission may
21 enforce the Court's judgment for disgorgement and prejudgment interest by moving
22 for civil contempt (and/or through other collection procedures authorized by law) at
23 any time after 14 days following entry of this Final Judgment. In response to any such
24 civil contempt motion by the Commission, the Defendants may assert any legally
25 permissible defense. Payments under this paragraph shall be made to the Clerk of this
26 Court, together with a cover letter identifying Quest and Jolly as Defendants in this

1 action; setting forth the title and civil action number of this action and the name of this
2 Court; and specifying that payment is made pursuant to this Final Judgment.
3 Defendants shall simultaneously transmit photocopies of each such payment and letter
4 to the Commission's counsel in this action. Defendants relinquish all legal and
5 equitable right, title, and interest in such payments, and no part of the funds shall be
6 returned to either Jolly or Quest. The Clerk shall deposit the funds into an interest
7 bearing account with the Court Registry Investment System ("CRIS") or any other
8 type of interest bearing account that is utilized by the Court. These funds, together
9 with any interest and income earned thereon (collectively, the "Fund"), shall be held in
10 the interest bearing account until further order of the Court. In accordance with 28
11 U.S.C. § 1914 and the guidelines set by the Director of the Administrative Office of
12 the United States Courts, the Clerk is directed, without further order of this Court, to
13 deduct from the income earned on the money in the Fund a fee equal to ten percent of
14 the income earned on the Fund. Such fee shall not exceed that authorized by the
15 Judicial Conference of the United States. The Commission may propose a plan to
16 distribute the Fund subject to the Court's approval. Defendant shall pay post-judgment
17 interest on any delinquent amounts pursuant to 28 USC § 1961.

VI.

20 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Quest
21 shall pay a civil penalty in the amount of \$ 600,000.00 pursuant to
22 Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)] and Section 20(d) of the
23 Securities Act [15 U.S.C. § 77t(d)]. Quest shall make this payment within 14 days
24 after entry of this Final Judgment by certified check, bank cashier's check, or
25 United States postal money order payable to the Securities and Exchange
26 Commission. The payment shall be delivered or mailed to the Office of Financial

27 CASE No.: CV-09-38-EFS
28 SEC V. JOLLY AND QUEST HOLDINGS, INC.

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~~XXXXXXX~~ FINAL JUDGMENT RENDERING
JUDGMENT BY DEFAULT AGAINST QUEST
HOLDINGS, INC. AND IMPOSING FINANCIAL
REMEDIES AGAINST QUEST HOLDINGS, INC.
AND CRAIG T. JOLLY

1 Management, Securities and Exchange Commission, Operations Center, 6432
2 General Green Way, Mail Stop 0-3, Alexandria, Virginia 22312, and shall be
3 accompanied by a letter identifying Quest as a defendant in this action; setting
4 forth the title and civil action number of this action and the name of this Court; and
5 specifying that payment is made pursuant to this Final Judgment. Quest shall pay
6 post-judgment interest on any delinquent amounts pursuant to 28 USC § 1961.
7 The Commission shall remit the funds paid pursuant to this paragraph to the United
8 States Treasury.

9
10 VII.

11 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Jolly
12 shall pay a civil penalty in the amount of \$ 120,000.00 pursuant to Section
13 21(d) of the Exchange Act [15 U.S.C. § 78u(d)] and Section 20(d) of the Securities
14 Act [15 U.S.C. § 77t(d)]. Jolly shall make this payment within 14 days after entry
15 of this Final Judgment by certified check, bank cashier's check, or United States
16 postal money order payable to the Securities and Exchange Commission. The
17 payment shall be delivered or mailed to the Office of Financial Management,
18 Securities and Exchange Commission, Operations Center, 6432 General Green
19 Way, Mail Stop 0-3, Alexandria, Virginia 22312, and shall be accompanied by a
20 letter identifying Jolly as a defendant in this action; setting forth the title and civil
21 action number of this action and the name of this Court; and specifying that
22 payment is made pursuant to this Final Judgment. Jolly shall pay post-judgment
23 interest on any delinquent amounts pursuant to 28 USC § 1961. The Commission
24 shall remit the funds paid pursuant to this paragraph to the United States Treasury.

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VIII.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Consent of Defendant Craig T. Jolly to Entry of Judgment of Permanent Injunction and Other Relief (Docket Item 27) is incorporated herein with the same force and effect as if fully set forth herein, and that Jolly shall comply with all of the undertakings and agreements set forth therein.

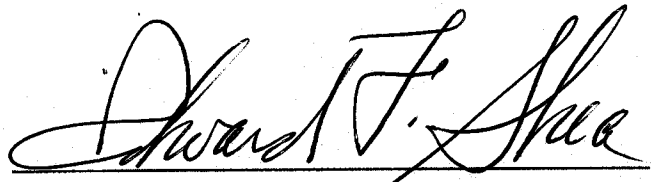
IX.

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.

X.

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.

Date: June 2, 2010



UNITED STATES DISTRICT JUDGE