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8 **UNITED STATES DISTRICT COURT**  
9 **CENTRAL DISTRICT OF CALIFORNIA**  
10 **WESTERN DIVISION**

11  
12 SECURITIES AND EXCHANGE  
COMMISSION,

13 Plaintiff,

14 vs.

15 MITCHELL, PORTER & WILLIAMS,  
16 INC., THE ADIVANALA AA  
INVESTMENT TRUST, AB3, INC.,  
17 and THOMAS L. MITCHELL,

18 Defendants.

Case No. CV 10-01576 PPG (FFMx)

**~~PROPOSED~~ REVISED JUDGMENT  
OF PERMANENT INJUNCTION AND  
OTHER RELIEF BY DEFAULT AND  
ORDERS: (1) CONTINUING ASSET  
FREEZE AND (2) PROHIBITING THE  
DESTRUCTION OF DOCUMENTS,**

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1 This matter came to be heard upon the Motion of the Plaintiff Securities and  
2 Exchange Commission (“Commission”) for a Judgment of Permanent Injunction  
3 and Other Relief by Default and Orders: (1) Continuing Freeze of Asset Assets  
4 and (2) Prohibiting The Destruction Of Documents. (“Motion for Judgment”).

5 The Court, having considered the Commission’s Motion for Judgment, the  
6 Complaint, the Memorandum of Points and Authorities, and the Declarations and  
7 other documents previously filed in this litigation, together with any opposition  
8 papers filed by Defendants as well as all other evidence and argument presented,  
9 finds that:

10 A. This Court has jurisdiction over the parties to, and the subject matter  
11 of, this action.

12 B. Good cause exists to believe that defendants Mitchell, Porter &  
13 Williams, Inc. (“MPW”), The Adivanala AA Investment Trust (the “AAA Trust”),  
14 AB3, Inc. (“AB3”), and Thomas L. Mitchell (“Mitchell”), and each of them, have  
15 engaged in, are engaging in, and are about to engage in transactions, acts, practices  
16 and courses of business that variously constitute violations of Sections 5(a), 5(c)  
17 and 17(a) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. §§ 77e(a),  
18 77e(c), and 77q(a), Sections 10(b) and 15(a) of the Securities Exchange Act of  
19 1934 (“Exchange Act”), 15 U.S.C. §§ 78j(b) and 78o(a), and Rule 10b-5  
20 thereunder, 17 C.F.R. § 240.10b-5, and Sections 203A, 204, 206(1) and (2) of the  
21 Investment Advisers Act of 1940 (“Advisers Act”), 15 U.S.C. §§ 80b-3a, 80b-4,  
22 80b-6(1) and (2), and Rules 204-2 and 206(4)-8 thereunder, 17 C.F.R. §§ 275.204-  
23 2 and 275.206(4)-8.

24 C. The Commission has demonstrated a probability of success on the  
25 merits in this action and the possibility of dissipation of assets. Moreover, each of  
26 the Defendants has failed to file an Answer or other responsive pleading within the  
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1 time allowed and therefore is in default and the Clerk of the Court has previously  
2 entered the Default of each party.

3 D. Good cause exists to believe that defendants will continue to engage  
4 in such violations to the immediate and irreparable loss and damage to investors  
5 and to the general public unless they are permanently restrained and enjoined.

6 E. It is appropriate and the interests of justice require that the  
7 Commission's Motion for a Permanent Injunction and Other Relief by Default and  
8 related Orders continuing the freeze of assets and prohibiting the destruction of  
9 documents be granted

10 **I.**

11 IT IS HEREBY ORDERED that the Commission's Motion for a Judgment  
12 of Permanent Injunction and Other Relief by Default And Orders: (1) Continuing  
13 the Freeze of Assets and (2) Prohibiting The Destruction Of Documents is  
14 GRANTED.

15 **II.**

16 IT IS FURTHER ORDERED that Defendants MPW, the AAA Trust, AB3,  
17 and Mitchell and their officers, agents, servants, employees, attorneys, subsidiaries  
18 and affiliates, and those persons in active concert or participation with any of them,  
19 who receive actual notice of this Order, by personal service or otherwise, and each  
20 of them, be and hereby are permanently restrained and enjoined from, directly or  
21 indirectly, making use of any means or instruments of transportation or  
22 communication in interstate commerce or of the mails, to sell, to offer to sell, or to  
23 offer to buy any security, or carrying or causing securities to be carried through the  
24 mails or in interstate commerce, by any means or instruments of transportation, for  
25 the purpose of sale or delivery after sale, in violation of Sections 5(a) and 5(c) of  
26 the Securities Act, 15 U.S.C. §§ 77(e)(a) and 77(e)(c).

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**III.**

IT IS FURTHER ORDERED that Defendants MPW, the AAA Trust, AB3, and Mitchell and their officers, agents, servants, employees, attorneys, subsidiaries and affiliates, and those persons in active concert or participation with any of them, who receive actual notice of this Order, by personal service or otherwise, and each of them, be and hereby are permanently restrained and enjoined from, directly or indirectly, in the offer or sale of any securities, by the use of any means or instruments of transportation or communication in interstate commerce or by the use of the mails:

- a. employing any device, scheme or artifice to defraud;
- b. obtaining 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 light of the circumstances under which they were made, not misleading; or
- c. engaging in any transaction, practice, or course of business which operates or would operate as a fraud or deceit upon the purchaser;

in violation of Section 17(a) of the Securities Act, 15 U.S.C. § 77q(a).

**IV.**

IT IS FURTHER ORDERED that Defendants MPW, the AAA Trust, AB3, and Mitchell and their officers, agents, servants, employees, attorneys, subsidiaries and affiliates, and those persons in active concert or participation with any of them, who receive actual notice of this Order, by personal service or otherwise, and each of them, be and hereby are permanently restrained and enjoined from, directly or indirectly, in connection with the purchase or sale of any security, by the use of any means or instrumentality of interstate commerce, or of the mails, or of any facility of any national securities exchange:

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- a. employing any device, scheme or artifice to defraud;
- b. making any untrue statement of a material fact or omitting 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. engaging in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person;

in violation of Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

**V.**

IT IS FURTHER ORDERED that Defendants Mitchell and MPW and their officers, agents, servants, employees, attorneys, subsidiaries and affiliates, and those persons in active concert or participation with any of them, who receive actual notice of this Order, by personal service or otherwise, and each of them, be and hereby are permanently restrained and enjoined from, directly or indirectly, by the use of the mails or means and instrumentalities of interstate commerce:

- a. employing devices, schemes and artifices to defraud clients or prospective clients; or
- b. engaging in transactions, practices, and courses of business which operate as a fraud or deceit upon clients or prospective clients

in violation of Sections 206(1) and (2) of the Advisers Act, 15 U.S.C. §§ 80b-6(1) and (2).

**VI.**

IT IS FURTHER ORDERED that Defendants Mitchell and MPW and their officers, agents, servants, employees, attorneys, and those persons in active concert

1 or participation with any of them, who receive actual notice of this Order, by  
2 personal service or otherwise, and each of them, be and hereby are permanently  
3 restrained and enjoined from, by the use of the mails or any means or  
4 instrumentality of interstate commerce, directly or indirectly engaging in any act,  
5 practice, or course of business which is fraudulent, deceptive, or manipulative with  
6 respect to any investor or prospective investor in any pooled investment vehicle in  
7 violation of Section 206(4) of the Advisers Act, 15 U.S.C. § 80b-6(4), and Rule  
8 206(4)-8 thereunder, 17 C.F.R. § 275.206(4)-8.

9 **VII.**

10 IT IS FURTHER ORDERED that Defendant Mitchell, and his agents,  
11 servants, employees, attorneys, and affiliates, and those persons in active concert  
12 or participation with any of them, who receive actual notice of this Order, by  
13 personal service or otherwise, and each of them, be and hereby are permanently  
14 restrained and enjoined from, directly or indirectly, by use of the mails or means or  
15 instrumentalities of interstate commerce effecting transactions in, inducing or  
16 attempting to induce, the purchase or sale of securities, without being registered as  
17 a broker or dealer in accordance with Section 15(a) of the Exchange Act, 15 U.S.C.  
18 § 78o(a).

19 **VIII.**

20 IT IS FURTHER ORDERED that Defendant MPW, and its officers, agents,  
21 servants, employees, attorneys, subsidiaries and affiliates, and those persons in  
22 active concert or participation with any of them, who receive actual notice of this  
23 Order, by personal service or otherwise, and each of them, be and hereby are  
24 permanently restrained and enjoined from, directly or indirectly, by use of the  
25 mails or means or instrumentalities of interstate commerce registering under  
26 Section 203 of the Advisers Act unless it has assets under management of not less  
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1 than \$25,000,000 in accordance with Section 203A of the Advisers Act, 15 U.S.C.  
2 § 80b-3a.

3 **IX.**

4 IT IS FURTHER ORDERED that Defendant Mitchell, and his agents,  
5 servants, employees, attorneys, and affiliates, and those persons in active concert  
6 or participation with any of them, who receive actual notice of this Order, by  
7 personal service or otherwise, and each of them, be and hereby are permanently  
8 restrained and enjoined from, directly or indirectly, by use of the mails or means or  
9 instrumentalities of interstate commerce aiding and abetting MPW's registration  
10 under Section 203 of the Advisers Act when it has assets under management of  
11 less than \$25,000,000 in violation of Section 203A of the Advisers Act, 15 U.S.C.  
12 § 80b-3a.

13 **X.**

14 IT IS FURTHER ORDERED that Defendant MPW, and its officers, agents,  
15 servants, employees, attorneys, subsidiaries and affiliates, and those persons in  
16 active concert or participation with any of them, who receive actual notice of this  
17 Order, by personal service or otherwise, and each of them, be and hereby are  
18 permanently restrained and enjoined from, directly or indirectly, by use of the  
19 mails or means or instrumentalities of interstate commerce failing to make  
20 available upon proper request by representatives of the Commission's examination  
21 staff copies of certain customer account records it is required to maintain in  
22 accordance with Section 204 of the Advisers Act, 15 U.S.C. § 80b-4, and Rule  
23 204-2 thereunder, 17 C.F.R. § 275.204-2.

24 **XI.**

25 IT IS FURTHER ORDERED that Defendant Mitchell, and his agents,  
26 servants, employees, attorneys, and affiliates, and those persons in active concert  
27 or participation with any of them, who receive actual notice of this Order, by  
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1 personal service or otherwise, and each of them, be and hereby are permanently  
2 restrained and enjoined from, directly or indirectly, by use of the mails or means or  
3 instrumentalities of interstate commerce aiding and abetting MPW's failure to  
4 make available upon proper request by representatives of the Commission's  
5 examination staff copies of certain customer account records it is required to  
6 maintain in accordance with Section 204 of the Advisers Act, 15 U.S.C. § 80b-4,  
7 and Rule 204-2 thereunder, 17 C.F.R. § 275.204-2.

8 **XII.**

9 IT IS FURTHER ORDERED that, except as otherwise ordered by this  
10 Court, Defendants MPW, the AAA Trust, AB3, and Mitchell, and their officers,  
11 agents, servants, employees, attorneys, subsidiaries and affiliates, and those  
12 persons in active concert or participation with any of them, who receive actual  
13 notice of this Order, by personal service or otherwise, and each of them, be and  
14 hereby are permanently restrained and enjoined from, directly or indirectly  
15 transferring, assigning, selling, hypothecating, changing, wasting, dissipating,  
16 converting, concealing, encumbering, or otherwise disposing of, in any manner,  
17 any funds, assets, securities, claims, or other real or personal property, including  
18 any notes or deeds of trust or other interests in real property, wherever located, of  
19 defendants MPW, the AAA Trust, AB3, and Mitchell or their subsidiaries or  
20 affiliates, owned by, controlled by, managed by or in the possession or custody of  
21 any of them and from transferring, encumbering, dissipating, incurring charges or  
22 cash advances on any debit or credit card or the credit arrangement, of the  
23 defendants, and their subsidiaries and affiliates.

24 **XIII.**

25 IT IS FURTHER ORDERED that, except as otherwise ordered by this  
26 Court, the immediate freeze previously place by this Court on March 3, 2010 (Dkt.  
27 No.10), and further continued on May 12, 2010 (Dkt. No. 33), shall be continued  
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1 regarding all monies and assets in all accounts at any bank, financial institution or  
 2 brokerage firm (including any futures commission merchant), all certificates of  
 3 deposit, and other funds or assets, held in the name of, for the benefit of, or over  
 4 which account authority is held by the defendants, including, but not limited to, the  
 5 accounts set forth below:

<u>Bank Name</u>	<u>Account Name</u>	<u>Account No.</u>
Wells Fargo Bank, NA	Mitchell, Porter And Williams Inc.	201-9081132
Wells Fargo Bank, NA	AAA Investment Holding Trust Thomas Mitchell Owner	443720990
JPMorgan Chase Bank, NA	AB3, Inc.	000004460237980

14 **XIV.**

15 IT IS FURTHER ORDERED that, except as otherwise ordered by this  
 16 Court, Defendants MPW, the AAA Trust, AB3, and Mitchell, and their officers,  
 17 agents, servants, employees, attorneys, subsidiaries and affiliates, and those  
 18 persons in active concert or participation with any of them, who receive actual  
 19 notice of this Order, by personal service or otherwise, and each of them, be and  
 20 hereby are permanently restrained and enjoined from, directly or indirectly:  
 21 destroying, mutilating, concealing, transferring, altering, or otherwise disposing of,  
 22 in any manner, any documents, which includes all books, records, computer  
 23 programs, computer files, computer printouts, contracts, correspondence,  
 24 memoranda, brochures, or any other documents of any kind in their possession,  
 25 custody or control, however created, produced, or stored (manually, mechanically,  
 26 electronically, or otherwise), pertaining in any manner to the defendants, and their  
 27 subsidiaries and affiliates.

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**XV.**

IT IS FURTHER ORDERED that Defendants MPW, the AAA Trust, AB3, and Mitchell shall pay disgorgement of ill-gotten gains, prejudgment interest thereon, and a civil penalty pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3) and Section 209 of the Advisers Act, 15 U.S.C. § 80b-9. The Court shall determine the amounts of the disgorgement and civil penalty upon the Motion of the Commission. Prejudgment interest shall be calculated pursuant to 28 U.S.C. § 1961 based on the date of entry of the order fixing the amount of disgorgement. In connection with the Commission's Motion for disgorgement and/or civil penalties, and at any hearing held on such a motion:

(a) Defendants will be precluded from arguing that they did not violate the federal securities laws as alleged in the Complaint;

(b) Defendants may not challenge the validity of this Judgment by Default;

(c) solely for purposes of such Motion, the allegations of the Complaint shall be accepted as and deemed true by the Court; and

(d) the Court may determine the issues raised in the Motion on the basis of affidavits, declarations, excerpts of sworn testimony or investigative testimony, and documentary evidence, without regard to the standards for summary judgment contained in Rule 56(c) of the Federal Rules of Civil Procedure. In connection with the Commission's Motion for disgorgement and/or civil penalties, the parties may take discovery, including discovery from appropriate non-parties.

**XVI.**

IT IS FURTHER ORDERED that this Court shall retain jurisdiction over this action for the purpose of implementing and carrying out the terms of all orders

1 and decrees which may be entered herein and to entertain any suitable application  
2 or motion for additional relief within the jurisdiction of this Court.

3  
4 IT IS SO ORDERED.

5  
6 DATED: October 26, 2010

7 PHILIP S. GUTIERREZ

8 UNITED STATES DISTRICT JUDGE  
9

10 Presented by:

11  8/13/2010  
12 \_\_\_\_\_  
13 Gregory C. Glynn  
14 Attorneys for Plaintiff  
15 Securities and Exchange Commission  
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**PROOF OF SERVICE**

I am over the age of 18 years and not a party to this action. My business address is:

[X] U.S. SECURITIES AND EXCHANGE COMMISSION, 5670 Wilshire Boulevard, 11th Floor, Los Angeles, California 90036-3648 Telephone No. (323) 965-3998; Facsimile No. (323) 965-3908.

On August 23, 2010, I served the document entitled:

**[PROPOSED] REVISED JUDGMENT OF PERMANT INJUNCTION AND OTHER RELIEF BY DEFAULT AND ORDERS: (1) CONTINUING ASSET FREEZE AND (2) PROHIBITING THE DESTRUCTION OF DOCUMENTS**

on all the parties to this action addressed as stated on the attached service list:

[X] **OFFICE MAIL:** By placing in sealed envelope(s), which I placed for collection and mailing today following ordinary business practices. I am readily familiar with this agency's practice for collection and processing of correspondence for mailing; such correspondence would be deposited with the U.S. Postal Service on the same day in the ordinary course of business.

[ ] **PERSONAL DEPOSIT IN MAIL:** By placing in sealed envelope(s), which I personally deposited with the U.S. Postal Service. Each such envelope was deposited with the U.S. Postal Service at Los Angeles, California, with first class postage thereon fully prepaid.

[ ] **EXPRESS U.S. MAIL:** Each such envelope was deposited in a facility regularly maintained at the U.S. Postal Service for receipt of Express Mail at Los Angeles, California, with Express Mail postage paid.

[ ] **HAND DELIVERY:** I caused to be hand delivered each such envelope to the office of the addressee as stated on the attached service list.

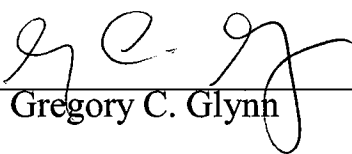
[ ] **UNITED PARCEL SERVICE:** By placing in sealed envelope(s) designated by United Parcel Service ("UPS") with delivery fees paid or provided for, which I deposited in a facility regularly maintained by UPS or delivered to a UPS courier, at Los Angeles, California.

[ ] **ELECTRONIC MAIL:** By transmitting the document by electronic mail the electronic mail address as stated on the attached service list.

[ ] **E-FILING:** By causing the document to be electronically filed via the Court's CM/ ECF system, which effects electronic service on counsel who are registered with the CM/ECF system.

[ ] **FAX (BY AGREEMENT ONLY):** By transmitting the document by facsimile transmission. The transmission was reported as complete and without error.

Date: August 23, 2010

  
\_\_\_\_\_  
Gregory C. Glynn

1                    **SEC v. Mitchell, Porter & Williams, Inc., et al.**  
2                    **United States District Court – Central District of California**  
3                    **Case No. 10 cv-01576 PSG (FFMx)**  
4                    **(LA-3784)**

5    **SERVICE LIST**

- 6                    1.    Thomas L. Mitchell  
7    Mitchell, Porter & Williams, Inc.  
8    6080 Center Drive, 6th Floor  
9    Los Angeles, CA 90045
- 10     Telephone: (310) 827-5934  
11     Facsimile: (310) 943-3281  
12     ***Defendant***
- 13                    2.    Mitchell, Porter & Williams, Inc.  
14     6080 Center Drive, 6th Floor  
15     Los Angeles, CA 90045
- 16     Telephone: (310) 827-5934  
17     Facsimile: (310) 578-3281  
18     ***Defendant***
- 19                    3.    The Adivanala AA Investment Trust  
20     c/o Thomas L. Mitchell, Trustee  
21     Mitchell, Porter & Williams, Inc.  
22     6080 Center Drive, 6th Floor  
23     Los Angeles, CA 90045
- 24     ***Defendant***
- 25                    4.    AB3, Inc.  
26     c/o Thomas L. Mitchell  
27     Mitchell, Porter & Williams, Inc.  
28     6080 Center Drive, 6th Floor  
   Los Angeles, CA 90045
- Defendant***
5.    AB3, Inc.  
   Acorn Corporate Services, Registered Agent  
   3225 McLeod Drive, Suite 110  
   Las Vegas, NV 89121  
   ***Registered Agent for Defendant AB3, Inc.***