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**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA**

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

NUTRACEA; BRADLEY D. EDSON;
TODD C. CROW; JOANNE D. KLINE;
SCOTT WILKINSON; and MARGIE
ADELMAN;

Defendants.

Case No. CV 11-0092-PHX-SRB

**FINAL JUDGMENT AGAINST
DEFENDANT BRADLEY EDSON**

1 The Securities and Exchange Commission (the "Commission") having filed
2 a Complaint and Defendant Bradley Edson ("Edson") having entered a general
3 appearance; consented to the Court's jurisdiction over Edson and the subject matter
4 of this action; consented to entry of this Final Judgment without admitting or
5 denying the allegations of the Complaint (except as to jurisdiction); waived
6 findings of fact and conclusions of law; and waived any right to appeal from this
7 Judgment:

8 **I.**

9 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Edson
10 and his agents, servants, employees, attorneys, and all persons in active concert or
11 participation with them who receive actual notice of this Final Judgment by
12 personal service or otherwise are permanently restrained and enjoined from
13 violating, directly or indirectly, Section 10(b) of the Securities Exchange Act of
14 1934 (the "Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 promulgated
15 thereunder [17 C.F.R. § 240.10b-5], by using any means or instrumentality of
16 interstate commerce, or of the mails, or of any facility of any national securities
17 exchange, in connection with the purchase or sale of any security:

- 18 (a) to employ any device, scheme, or artifice to defraud;
- 19 (b) to make any untrue statement of a material fact or to omit to state a
20 material fact necessary in order to make the statements made, in the
21 light of the circumstances under which they were made, not
22 misleading; or
- 23 (c) to engage in any act, practice, or course of business which operates or
24 would operate as a fraud or deceit upon any person.

25 **II.**

26 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Edson
27 and his agents, servants, employees, attorneys, and all persons in active concert or
28 participation with them who receive actual notice of this Final Judgment by

1 personal service or otherwise are permanently restrained and enjoined from
2 violating Section 17(a) of the Securities Act of 1933 (the “Securities Act”) [15
3 U.S.C. § 77q(a)] in the offer or sale of any security by the use of any means or
4 instruments of transportation or communication in interstate commerce or by use
5 of the mails, directly or indirectly:

- 6 (a) to employ any device, scheme, or artifice to defraud;
- 7 (b) to obtain money or property by means of any untrue statement of a
8 material fact or any omission of a material fact necessary in order to
9 make the statements made, in light of the circumstances under which
10 they were made, not misleading; or
- 11 (c) to engage in any transaction, practice, or course of business which
12 operates or would operate as a fraud or deceit upon the purchaser.

13 **III.**

14 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Edson
15 and his agents, servants, employees, attorneys, and all persons in active concert or
16 participation with them who receive actual notice of this Final Judgment by
17 personal service or otherwise are permanently restrained and enjoined from
18 violating Section 13(b)(5) of the Securities Exchange Act of 1934 (the “Exchange
19 Act”), 15 U.S.C. § 78m(b)(5), by knowingly circumventing or knowingly failing to
20 implement a system of internal accounting controls or knowingly falsifying any
21 book, record or account described in Section 13(b)(2) of the Exchange Act, 15
22 U.S.C. § 78m(b)(2).

23 **IV.**

24 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Edson
25 and his agents, servants, employees, attorneys, and all persons in active concert or
26 participation with them who receive actual notice of this Final Judgment by
27 personal service or otherwise are permanently restrained and enjoined from
28 violating Exchange Act Rule 13a-14, 17 C.F.R. § 240.13a-14, directly or

1 indirectly, by falsely signing personal certifications indicating that he has reviewed
2 periodic reports containing financial statements which an issuer filed with the
3 Commission pursuant to Section 13(a) of the Exchange Act, 15 U.S.C. § 78m(a),
4 and that, based on his knowledge,

- 5 (a) these reports do not contain any untrue statement of material fact or
6 omit to state a material fact necessary to make the statements made, in
7 light of the circumstances under which such statements were made,
8 not misleading with respect to the period covered by the report; and
- 9 (b) that information contained in these reports fairly present, in all
10 material respects, the financial condition and results of the issuer's
11 operations.

12 **V.**

13 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Edson
14 and his agents, servants, employees, attorneys, and all persons in active concert or
15 participation with them who receive actual notice of this Final Judgment by
16 personal service or otherwise are permanently restrained and enjoined from aiding
17 and abetting any violation of Section 13(a) of the Exchange Act, 15 U.S.C.
18 § 78m(a), and Rules 12b-20, 13a-1 and 13a-13 thereunder, 17 C.F.R. §§ 240.12b-
19 20, 240.13a-1, and 240.13a-13, by knowingly providing substantial assistance to an
20 issuer which has a class of securities registered pursuant to Section 12 of the
21 Exchange Act, 15 U.S.C. § 78l, that files quarterly and annual reports with the
22 Commission on Forms 10-Q and Forms 10-K that fail to contain material
23 information necessary to make the required statements in the Forms 10-Q and
24 Forms 10-K, in light of the circumstances under which they are made, not
25 misleading.

26 **VI.**

27 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Edson
28 and his agents, servants, employees, attorneys, and all persons in active concert or

1 participation with them who receive actual notice of this Final Judgment by
2 personal service or otherwise are permanently restrained and enjoined from aiding
3 and abetting any violation of Section 13(b)(2)(A) of the Exchange Act, 15 U.S.C.
4 § 78m(b)(2)(A), by knowingly providing substantial assistance to an issuer which
5 has a class of securities registered pursuant to Section 12 of the Exchange Act, 15
6 U.S.C. § 78l, or that is required to file reports pursuant to Section 15(d) of the
7 Exchange Act, 15 U.S.C. § 78o(d), in failing to make and keep books, records, and
8 accounts, which, in reasonable detail, accurately and fairly reflect the transactions
9 and disposition of the assets of the issuer.

10 **VII.**

11 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Edson
12 and his agents, servants, employees, attorneys, and all persons in active concert or
13 participation with them who receive actual notice of this Final Judgment by
14 personal service or otherwise are permanently restrained and enjoined from aiding
15 and abetting any violation of Section 13(b)(2)(B) of the Exchange Act, 15 U.S.C.
16 § 78m(b)(2)(B), by knowingly providing substantial assistance to an issuer which
17 has a class of securities registered pursuant to Section 12 of the Exchange Act, 15
18 U.S.C. § 78l, or that is required to file reports pursuant to Section 15(d) of the
19 Exchange Act, 15 U.S.C. § 78o(d), in failing to devise and maintain a system of
20 internal accounting controls sufficient to provide reasonable assurances that
21 financial statements are prepared in conformity with Generally Accepted
22 Accounting Principles in violation of Section 13(b)(2)(B) of the Exchange Act, 15
23 U.S.C. §78m(b)(2)(B).

24 **VIII.**

25 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Edson
26 and his agents, servants, employees and attorneys, and all persons in active concert
27 or participation with them, who receive actual notice of this Final Judgment by
28 personal service or otherwise are permanently restrained and enjoined from

1 violating Rule 13b2-1 of the Exchange Act, 17 C.F.R. § 240.13b2-1, by, directly or
2 indirectly, falsifying or causing to be falsified, any book, record or account subject
3 to Section 13(b)(2)(A) of the Exchange Act, 15 U.S.C. § 78m(b)(2)(A).

4 **IX.**

5 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Edson
6 and his agents, servants, employees and attorneys, and all persons in active concert
7 or participation with them, who receive actual notice of this Final Judgment by
8 personal service or otherwise are permanently restrained and enjoined from
9 violating Rule 13b2-2 of the Exchange Act, 17 C.F.R. § 240.13b2-2, by, directly or
10 indirectly,

- 11 (a) making or causing to be made a materially false or misleading
12 statement, or omitting to state or causing another person to omit to
13 state any material fact necessary in order to make such statements
14 true, in light of the circumstances under which such statements were
15 made, not misleading, to an accountant in connection with the
16 following: (i) any audit, review or examination of the financial
17 statements of an issuer, or (ii) in the preparation or filing of any
18 document or report required to be filed with the Commission; or
19 (b) taking action, or directing another to take action, to coerce,
20 manipulate, mislead, or fraudulently influence any independent public
21 or certified public accountant engaged in the performance of an audit
22 or review of an issuer's financial statements required to be filed with
23 the Commission, while knowing or while it should have been known
24 that such action, if successful, could result in rendering the issuer's
25 financial statements materially misleading.

26 **X.**

27 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that,
28 pursuant to Section 21(d)(2) of the Exchange Act, 15 U.S.C. § 78u(d)(2), and/or

1 Section 20(e) of the Securities Act, 15 U.S.C. § 77t(e), Defendant, following the
2 date of entry of this Final Judgment, is permanently prohibited from acting as an
3 officer or director of any issuer that has a class of securities registered pursuant to
4 Section 12 of the Exchange Act, 15 U.S.C. § 78l or that is required to file reports
5 pursuant to Section 15(d) of the Exchange Act, 15 U.S.C. § 78o(d).

6 **XI.**

7 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Edson
8 shall pay a civil penalty in the amount of \$100,000.00 pursuant to Section 20(d) of
9 the Securities Act, 15 U.S.C. § 77t(d) and Section 21(d)(3) of the Exchange Act,
10 15 U.S.C. § 78u(d)(3). Edson shall make this payment pursuant to the terms of the
11 payment schedule set forth in paragraph XII below after entry of this Final
12 Judgment by certified check, bank cashier's check, or United States postal money
13 order payable to the Securities and Exchange Commission. The payment shall be
14 delivered or mailed to the Office of Financial Management, Securities and
15 Exchange Commission, Operations Center, 6432 General Green Way, Mail Stop 0-
16 3, Alexandria, Virginia 22312, and shall be accompanied by a letter identifying
17 Bradley Edson as a defendant in this action; setting forth the title and civil action
18 number of this action and the name of this Court; and specifying that payment is
19 made pursuant to this Final Judgment. Edson shall pay post-judgment interest on
20 any delinquent amounts pursuant to 28 U.S.C. § 1961. The Commission shall
21 remit the funds paid pursuant to this paragraph to the United States Treasury.

22 **XII.**

23 Edson shall pay the civil penalty of \$100,000 in two installments according
24 to the following schedule: (1) \$50,000 upon entry of this Final Judgment; and (2)
25 \$50,000 within 120 days of the entry of this Final Judgment. Edson shall also
26 reimburse NutraCea \$350,000 pursuant to Section 304 of the Sarbanes Oxley Act
27 of 2002 ("SOX 304") in two installments according to the following schedule:
28 (1) on December 15, 2010, Edson transferred all of his remaining shares of

1 NutraCea common stock and six million warrants, pursuant to a definitive written
2 agreement between NutraCea and Edson, for which Edson will be given credit
3 towards the \$350,000 reimbursement; and (2) pay the balance due and payable
4 within 12 months after the entry of the Final Judgment or by December 31, 2011,
5 whichever is earlier.

6 If Edson fails to make any payment by the date agreed and/or in the amount
7 agreed according to the schedule set forth above, all outstanding payments under
8 this Final Judgment, including post-judgment interest, minus any payments made,
9 shall become due and payable immediately without further application to the
10 Court.

11 **XIII.**

12 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the
13 Consent of Defendant Bradley Edson is incorporated herein with the same force
14 and effect as if fully set forth herein, and that Edson shall comply with all of the
15 agreements set forth therein.

16 **XIV.**

17 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this
18 Court shall retain jurisdiction of this matter for the purposes of enforcing the terms
19 of this Final Judgment.

20 Dated this 14th day of February, 2011.

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Susan R. Bolton
United States District Judge