

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

Case No. 13-62025-CIV-ROSENBAUM/HUNT

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

v.

IMAGING DIAGNOSTIC SYSTEMS, INC.,
LINDA GRABLE, and
ALLAN SCHWARTZ,

Defendants.

**FINAL JUDGMENT OF PERMANENT INJUNCTION AND OTHER RELIEF AGAINST
DEFENDANT LINDA GRABLE**

The Securities and Exchange Commission having filed a Complaint and Defendant Linda Grable having waived service of the summons and Complaint; entered a general appearance; consented to the Court's jurisdiction over her 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 provided in Section XIII below and except as to personal and subject-matter jurisdiction, which Grable admits); waived findings of fact and conclusions of law; and waived any right to appeal from this Final Judgment:

I.

VIOLATIONS OF SECTION 17(a)(2) OF THE SECURITIES ACT OF 1933

IT IS ORDERED AND ADJUDGED that Grable and her officers, 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)(2) of the Securities Act of 1933 (“Securities Act”), 15 U.S.C. § 77q(a)(2), 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 use of the mails, directly or indirectly, to obtain money or property by means of any untrue statement of a material fact or any omission of a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; by, directly or indirectly, (i) creating a false appearance or otherwise deceiving any person, or (ii) disseminating false or misleading documents, materials, or information or making, either orally or in writing, any false or misleading statement in any public filing or any communication with any investor or prospective investor, about the prospects for success of any product or company.

II.

VIOLATIONS OF SECTION 10(b) OF THE SECURITIES EXCHANGE ACT OF 1934 AND EXCHANGE ACT RULE 10b-5(b)

IT IS FURTHER ORDERED AND ADJUDGED that Grable and her officers, 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 Exchange Act Rule 10b-5(b), 17 C.F.R. § 240.10b-5(b), 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 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, by directly or indirectly, (i) creating a false appearance or otherwise deceiving any person, or (ii) disseminating false or misleading documents, materials, or information or making, either orally or in writing, any false or misleading statement in any public filing or any communication with any investor or prospective investor, about the prospects for success of any product or company.

III.

**AIDING AND ABETTING VIOLATIONS OF EXCHANGE ACT
SECTION 10(b) AND RULE 10b-5(b)**

IT IS FURTHER ORDERED AND ADJUDGED that Grable and her officers, 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, Exchange Act Section 10(b), 15 U.S.C. § 78j(b), and Rule 10b-5(b), 17 C.F.R. § 240.10b-5(b), 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 to knowingly provide substantial assistance to another in 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, by directly or indirectly, (i) creating a false appearance or otherwise deceiving any person, or (ii) disseminating false or misleading documents, materials, or information or making, either orally or in writing, any false or misleading statement in any public filing or any communication with any investor or prospective investor, about the prospects for success of any product or company.

IV.

**AIDING AND ABETTING VIOLATIONS OF EXCHANGE ACT SECTION 13(a)
AND RULES 12b-20, 13a-1, AND 13a-13**

IT IS FURTHER ORDERED AND ADJUDGED that Grable and her officers, 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 aiding and abetting any violations of Exchange Act Section 13(a), 15 U.S.C. § 78m(a), and Rules 12b-20, 13a-1, and 13a-13, 17 C.F.R. §§ 240.12b-20, 240.13a-1, and 240.13a-13, by knowingly providing substantial assistance to an issuer that fails to file accurate reports with the Commission.

V.

**AIDING AND ABETTING VIOLATIONS OF EXCHANGE ACT
SECTIONS 13(b)(2)(A) AND 13(b)(2)(B)**

IT IS FURTHER ORDERED AND ADJUDGED that Grable and her officers, 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 aiding and abetting any violations of Exchange Act Sections 13(b)(2)(A) and 13(b)(2)(B), 15 U.S.C. §§ 78m(b)(2)(A) and 78m(b)(2)(B), by knowingly providing substantial assistance to an issuer that fails to:

- (a) make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of its assets; and
- (b) devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that:

- (i) transactions are executed in accordance with management's general or specific authorization;
- (ii) transactions are recorded as necessary (I) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and (II) to maintain accountability for assets;
- (iii) access to assets is permitted only in accordance with management's general or specific authorization; and
- (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

VI.

VIOLATIONS OF EXCHANGE ACT RULE 13a-14

IT IS FURTHER ORDERED AND ADJUDGED that Grable and her officers, agents, servants, employees, attorneys, representatives, 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, Exchange Act Rule 13a-14, 17 C.F.R. § 240.13a-14, by improperly certifying in any periodic reports filed with the Commission that to the best of her knowledge such reports contain no untrue statements of material fact or omissions of material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading.

VII.

VIOLATIONS OF EXCHANGE ACT RULE 13b2-1

IT IS FURTHER ORDERED AND ADJUDGED that Grable and her officers, agents, servants, employees, attorneys, representatives, 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, Exchange Act Rule 13b2-1, 17 C.F.R. § 240.13b2-1, by falsifying or causing the falsification of any issuer's accounting books, records, or accounts.

VIII.

VIOLATIONS OF EXCHANGE ACT SECTION 14(a) AND RULE 14a-9

IT IS FURTHER ORDERED AND ADJUDGED that Grable and her officers, 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, Exchange Act Section 14(a), 15 U.S.C. § 78n(a), and Rule 14a-9 17 C.F.R. § 240.14a-9, by soliciting, by the use of the mails or by any means or instrumentality of interstate commerce or of any facility of a national securities exchange or otherwise, and by means of a proxy statement, form of proxy, notice of meeting or other communication, written or oral, containing statements which, at the time and in light of the circumstances under which they were made, were false and misleading with respect to material facts, or omitted to state material facts necessary in order to make the statements therein not false or misleading or necessary to correct statements in earlier communications with respect to the solicitation of the proxy for the same meeting or subject matter which was false or misleading.

IX.

VIOLATIONS OF EXCHANGE ACT SECTION 16(a) AND RULE 16a-3

IT IS FURTHER ORDERED AND ADJUDGED that Grable and her officers, agents, servants, employees, attorneys, representatives 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, Exchange Act Section 16(a), 15 U.S.C. § 78p(a), and Rule 16a-3, 17 C.F.R. § 240.16a-3, by failing to file reports with the Commission that accurately and fairly reflect her beneficial ownership of any equity security of a class which is registered pursuant to Section 12 of the Exchange Act, 15 U.S.C. § 78l, and any changes in such beneficial ownership.

X.

OFFICER AND DIRECTOR BAR

IT IS FURTHER ORDERED AND ADJUDGED that, pursuant to Section 21(d)(2) of the Exchange Act, 15 U.S.C. § 78u(d)(2), and Section 20(e) of the Securities Act, 15 U.S.C. § 77t(e), Grable is prohibited from acting as an officer or director of any issuer that has a class of securities registered pursuant to Section 12 of the Exchange Act, 15 U.S.C. § 78l, or that is required to file reports pursuant to Section 15(d) of the Exchange Act, 15 U.S.C. § 78o(d).

XI.

PENNY STOCK BAR

IT IS FURTHER ORDERED AND ADJUDGED that Grable is 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.

XII.

CIVIL PENALTY

IT IS FURTHER ORDERED AND ADJUDGED that Grable shall pay a civil penalty in the amount of \$150,000 to the Securities and Exchange Commission 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). Grable shall make this payment within 14 days of entry of this Final Judgment.

Grable may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request. Payment may also be made directly from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>. Grable may also pay by certified check, bank cashier's check, or United States postal money order payable to the Securities and Exchange Commission, which shall be delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

and shall be accompanied by a letter identifying the case title, civil action number, and name of this Court; Grable's name as a defendant in this action; and specifying that payment is made pursuant to this Final Judgment.

Grable shall simultaneously transmit photocopies of evidence of payment and case identifying information to the Commission's counsel in this action, Robert K. Levenson, 801 Brickell Avenue, Suite 1800, Miami, FL 33131. By making this payment, Grable relinquishes all legal and equitable right, title, and interest in such funds and no part of the funds shall be returned

to Grable. The Commission shall send the funds paid pursuant to this Final Judgment to the United States Treasury. Grable shall pay post-judgment interest on any delinquent amounts pursuant to 28 USC § 1961.

Grable shall not seek or accept, directly or indirectly, reimbursement or indemnification from any source, including but not limited to payment made pursuant to any insurance policy, with regard to any civil penalty amounts Grable pays pursuant to the Final Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors. Grable further shall not claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state, or local tax for any penalty amounts she pays pursuant to the Final Judgment, regardless of whether such penalty amounts or any part thereof are added to a distribution fund or otherwise used for the benefit of investors.

XIII.

BANKRUPTCY NONDISCHARGEABILITY

IT IS FURTHER ORDERED AND ADJUDGED that, solely for purposes of exceptions to discharge set forth in Section 523 of the Bankruptcy Code, 11 U.S.C. § 523, the allegations in the Complaint are deemed true and admitted by Grable, and, further, any debt for a civil penalty or other amounts due by Grable under this Final Judgment or any other judgment, order, consent, order, decree or settlement agreement entered in connection with this proceeding, is a debt for the violation by Grable of the federal securities laws or any regulation or order issued under such laws, as set forth in Section 523(a)(19) of the Bankruptcy Code, 11 U.S.C. § 523(a)(19).

XIV.

RETENTION OF JURISDICTION


IT IS FURTHER ORDERED AND ADJUDGED that this Court shall retain jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment in order to implement and carry out the terms of all Orders and Decrees that may be entered and/or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court, and will order other relief that this Court deems appropriate under the circumstances.

XV.

RULE 54(b)

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.

DONE AND ORDERED in Fort Lauderdale, Florida this 17th day of March 2014.



ROBIN S. ROSENBAUM
UNITED STATES DISTRICT JUDGE