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IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

SEC,

No. C 02-02426 SI

Plaintiff,

**FINAL JUDGMENT OF PERMANENT
INJUNCTION AND OTHER RELIEF
AGAINST DEFENDANT GARY F. PADO**

v.

REZA MIKAILLI,

Defendant.

Plaintiff United States Securities and Exchange Commission (“Commission”) has filed its Complaint for Permanent Injunction and Legal and Other Equitable Relief (“Complaint”) in this action. Defendant Gary F. Pado (“Pado”), who was represented by his counsel, has submitted a Consent of Gary F. Pado to Entry of Final Judgment (“Consent”), which was filed simultaneously with this [Proposed] Final Judgment of Permanent Injunction and Other Relief Against Defendant Gary F. Pado (“Final Judgment”) and incorporated herein by reference. In the Consent, Pado waived service of the Summons and the Complaint, admitted the jurisdiction of this Court over him and over the subject matter of this action, admitted that he was fully advised and informed of the right to a judicial determination of this matter, waived findings of fact and conclusions of law as provided by Rule 52 of the Federal Rules of Civil Procedure, consented to the entry of this Final Judgment, without admitting or denying any of the allegations in the Complaint except as set forth in the Consent, and waived notice of hearing upon the entry of this Final Judgment. The Court, being fully advised in the premises, orders as follows.

I.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Pado and his agents, servants,

1 employees, those with powers of attorney on Pado's behalf, and all persons acting in concert or participation
2 with any of them, who receive actual notice of this Final Judgment, by personal service or otherwise, and each
3 of them, are permanently enjoined and restrained from, directly or indirectly, violating Section 10(b) of the
4 Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. §
5 240.10b-5] thereunder by:

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

12 in connection with the purchase or sale of the securities of any issuer, by the use of any means or instrumentality
13 of interstate commerce, or of the mails, or of any facility of any national securities exchange.

14 II.

15 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Pado and his agents, servants,
16 employees, those with power of attorney on Pado's behalf, and all persons acting in concert or participation
17 with any of them, who receive actual notice of this Final Judgment, by personal service or otherwise, and each
18 of them, are permanently enjoined and restrained from violating Rule 13b2-2 of the Exchange Act [17 C.F.R.
19 §240.13b2-1] by knowingly circumventing or failing to implement a system of internal accounting controls or
20 knowingly falsifying any book, record, or account described therein.

21 III.

22 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Pado is prohibited from serving as an
23 officer or director of any issuer of a security registered pursuant to Section 12 or 15(d) of the Exchange Act.

24 V.

25 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Pado, as a result of his respective
26 activities alleged in the Complaint, shall pay a civil penalty pursuant to the provisions of Section 20(d) of the
27 Securities Act [15 U.S.C. § 77t(d)]. The amount of the penalty shall be determined by agreement of the
28 parties, or, in the event the parties do not agree upon the penalty amount, the Court will determine the

1 appropriate amount of penalty, if any, upon motion or at trial in accordance with the Federal Rules of Civil
2 Procedure.

3 VI.

4 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Pado shall provide discovery to
5 the Commission in accordance with the Federal Rules of Civil Procedure to assist in determining the amounts
6 of civil penalties, if any, to be paid by Pado, including discovery on the following topics: (a) all monies and
7 other benefits he received, directly and indirectly, from or as a result of the activities alleged in the Complaint;
8 (b) the disposition of those monies and benefits; (c) all assets in which he had any beneficial interest or
9 exercised any direct or indirect control or actual or apparent investment authority from December 1998 to the
10 present, wherever the assets may be located and by whomever they are being held, including all securities,
11 funds, real estate, and other personal or corporate assets; (d) all liabilities; (e) all evidence of payments made
12 on any of his liabilities; (f) all accounts with any financial or brokerage institution in which he had or have any
13 beneficial interest, or exercised any direct or indirect control or actual or apparent investment authority from
14 December 1998 to the present.

15 VII.

16 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that, in the event of a judicial
17 determination of penalties as set forth above, the allegations of the complaint in this action shall be assumed to
18 be true and Pado shall not assert that he did not violate the Section 10(b) of the Exchange Act of 1934 and
19 Rules 10b-5 and 13b2-2 thereunder, as set forth in this Judgment.

20 VIII.

21 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the provisions of Pado's Consent
22 filed concurrently with this Judgment are incorporated by this reference, that Pado shall comply with the
23 Consent and that a breach of the terms of the Consent therefore shall constitute a failure to adhere to the terms
24 of this Judgment.

25 IX.

26 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court shall retain jurisdiction
27 over this action for all purposes, including to set the amount of penalties and to implement and enforce the terms
28 of this Judgment and other orders and decrees which may be entered, and to grant such other relief as this

1 Court may deem necessary and just.

2 X.

3 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Judgment may be served
4 upon Pado in person or by mail either by the United States Marshall, the Clerk of the Court, or any member
5 of the staff of the Commission.

6 There being no just reason for delay, the Clerk of the Court is hereby directed, pursuant to Rule 54(b)
7 of the Federal Rules of Civil Procedure, to enter this Final Judgment forthwith.

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9 **IT IS SO ORDERED.**

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11 Dated: September 25, 2002

s/Susan Illston

SUSAN ILLSTON
United States District Judge

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