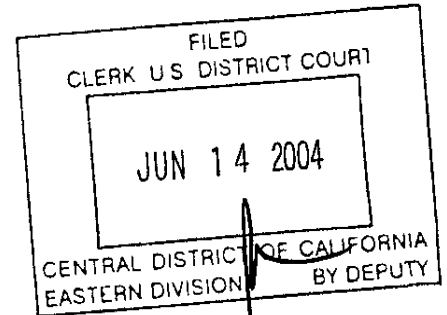


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UNITED STATES DISTRICT COURT
FOR THE CENTRAL DISTRICT OF CALIFORNIA
EASTERN DIVISION

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs

MX FACTORS, LLC, BBH
RESOURCES, LLC, JTL FINANCIAL
GROUP, LLC, RICHARD M
HARKLESS, DANIEL BERARDI,
THOMAS HAWKESWORTH, and
RANDALL W HARDING,

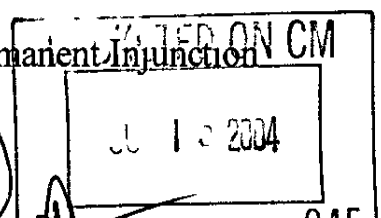
Defendants

Case No EDCV 04-223 VAP(SGL)

**JUDGMENT OF PERMANENT
INJUNCTION AND OTHER
RELIEF AGAINST DEFENDANTS
DANIEL J. BERARDI, JR. AND
THOMAS HAWKESWORTH**

Priority
Send ☒
Enter ☒
Closed ☒
IS-5/IS-6 ☒
IS-2/IS-3 ☒

Plaintiff Securities and Exchange Commission ("Commission"), having filed and served upon Defendants Daniel J Berardi, Jr ("Berardi") and Thomas Hawkesworth ("Hawkesworth") a Summons and Complaint in this action, Berardi and Hawkesworth each having admitted service upon them of the Summons and Complaint in this action and the jurisdiction of this Court over them and over the subject matter of this action; having been fully advised and informed of their right to a judicial determination of this matter, having waived the entry of findings of fact and conclusions of law as provided by Rule 52 of the Federal Rules of Civil Procedure, having consented to the entry of this Judgment of Permanent Injunction



1 and Other Relief Against Daniel J Berardi, Jr and Thomas Hawkesworth
2 (“Judgment”), without admitting or denying the allegations in the Complaint,
3 except as specifically set forth herein and in the Consent of Daniel J Berardi, Jr
4 and Thomas Hawkesworth to Entry of Judgment of Permanent Injunction and
5 Other Relief (“Consent”), no notice of hearing upon the entry of this Judgment
6 being necessary; and this Court being fully advised

7 **I.**

8 IT IS ORDERED, ADJUDGED AND DECREED that Defendants Berardi
9 and Hawkesworth, and their officers, agents, servants, employees, attorneys,
10 subsidiaries and affiliates, and those persons in active concert or participation with
11 any of them, who receive actual notice of this Order, by personal service or
12 otherwise, and each of them, be and hereby are permanently restrained and
13 enjoined from, directly or indirectly, making use of any means or instruments of
14 transportation or communication in interstate commerce or of the mails, to sell, to
15 offer to sell, or to offer to buy any security, or carrying or causing securities to be
16 carried through the mails or in interstate commerce, by any means or instruments
17 of transportation, for the purpose of sale or delivery after sale, in violation of
18 Sections 5(a) and 5(c) of the Securities Act, 15 U S C §§ 77(e)(a) and 77(e)(c)

19 **II.**

20 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that
21 Defendants Berardi and Hawkesworth, and their officers, agents, servants,
22 employees, attorneys, subsidiaries and affiliates, and those persons in active
23 concert or participation with any of them, who receive actual notice of this Order,
24 by personal service or otherwise, and each of them, be and hereby are permanently
25 restrained and enjoined from, directly or indirectly, in the offer or sale of any
26 securities, by the use of any means or instruments of transportation or
27 communication in interstate commerce or by use of the mails

28 A employing any device, scheme or artifice to defraud,

1 B obtaining money or property by means of any untrue statement of a
2 material fact or any omission to state a material fact necessary in order
3 to make the statements made, in light of the circumstances under
4 which they were made, not misleading; or

5 C engaging in any transaction, practice, or course of business which
6 operates or would operate as a fraud or deceit upon the purchaser
7 in violation of Section 17(a) of the Securities Act, 15 U S C § 77q(a)

8 **III.**

9 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that
10 Defendants Berardi and Hawkesworth, and their officers, agents, servants,
11 employees, attorneys, subsidiaries and affiliates, and those persons in active
12 concert or participation with any of them who receive actual notice of this Order,
13 by personal service or otherwise, and each of them, be and hereby are permanently
14 restrained and enjoined from, directly or indirectly, in connection with the
15 purchase or sale of any security, by the use of any means or instrumentality of
16 interstate commerce, or of the mails, or of any facility of any national securities
17 exchange

18 A employing any device, scheme, or artifice to defraud,

19 B making any untrue statement of a material fact or omitting 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 engaging in any act, practice, or course of business which operates or
24 would operate as a fraud or deceit upon any person
25 in violation of Section 10(b) of the Exchange Act, 15 U S C § 78j(b), and Rule
26 10b-5 thereunder, 17 C F R § 240 10b-5

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2 IV.

3 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that
4 Defendants Berardi and Hawkesworth, and their officers, agents, servants,
5 employees, attorneys, subsidiaries and affiliates, and those persons in active
6 concert or participation with any of them, who receive actual notice of this Order,
7 by personal service or otherwise, and each of them, be and hereby are permanently
8 restrained and enjoined from making use of the mails or any means or
9 instrumentality of interstate commerce to effect any transactions in, or to induce or
10 attempt to induce the purchase or sale of, any security, without being registered as
11 a broker and/or dealer pursuant to Section 15(b) of the Exchange Act, 15 U S C §
12 78o(b), in violation of Section 15(a) of the Exchange Act, 15 U S C § 78o(a)

13 V.

14 IT IS FURTHER ORDERED, ADJUDGED AND DECREED, that the
15 Court retains jurisdiction to determine appropriate amounts of disgorgement,
16 prejudgment interest, and civil penalties that shall be paid by Defendants Berardi
17 and Hawkesworth for the conduct alleged in the Commission's Complaint
18 Prejudgment interest shall be calculated pursuant to 28 U.S.C § 1961 based on the
19 date of entry of the order fixing the amount of disgorgement In connection with
20 any hearing to determine the appropriate amounts of disgorgement and civil
21 penalties, Defendants Berardi and Hawkesworth shall not raise as a defense that
22 they are not liable for payment of disgorgement or civil penalties because they did
23 not violate the provisions of the Securities Act, the Exchange Act, or rules
24 thereunder as set forth in the Complaint Solely for the purposes of determining
25 the amounts of disgorgement and civil penalties, the Court shall accept and deem
26 as true the facts alleged in the Commission's Complaint Defendants Berardi and
27 Hawkesworth shall not be entitled to a trial by jury for purposes of determining the
28 appropriate amounts of disgorgement or civil penalties

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1 VI.

2 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the
3 provisions of the Consent filed concurrently with this Judgment are incorporated
4 herein with the same force and effect as if fully set forth herein and that
5 Defendants Berardi and Hawkesworth shall comply with his Consent

6 VII.

7 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that
8 Defendants Berardi and Hawkesworth, and their agents, servants, employees and
9 attorneys, shall continue to cooperate with and assist the Receiver appointed in this
10 case and shall take no action, directly or indirectly, to hinder, obstruct, or otherwise
11 interfere with the Receiver or his attorneys, accountants, employees or agents, in
12 the conduct of his duties or to interfere in any manner, directly or indirectly, with
13 the custody, possession, management, or control by the Receiver of the funds,
14 assets, collateral, premises, and choses in action belonging to, being managed by or
15 in the possession of or control of Mx, BBH, or JTL, or any of their subsidiaries and
16 affiliates

17 VIII.

18 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the asset
19 freeze provided for in paragraphs VI and VII of the March 8, 2004 Stipulation
20 Between Plaintiff Securities and Exchange Commission and Defendants Daniel
21 Berardi and Thomas Hawkesworth and Preliminary Injunction and Orders (1)
22 Freezing Assets, (2) Appointing a Permanent Receiver, (3) Prohibiting the
23 Destruction of Documents, (4) Requiring Accountings, as amended by the Court
24 on April 20, 2004, shall remain in full force and effect as to Defendants Berardi
25 and Hawkesworth, until further order of this Court

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IX.

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that during the pendency of this action against any defendant, Defendants Berardi and Hawkesworth shall remain subject to the discovery provisions of the Federal Rules of Civil Procedure which apply to parties, and, in addition, that Defendants Berardi and Hawkesworth agree and undertake, without service of a subpoena, to appear for their depositions or to testify as a witnesses at any trial of this action or at any related proceeding Failure to comply with the foregoing will subject Defendants Berardi and Hawkesworth to the remedies and sanctions set forth in Rule 37 of the Federal Rules of Civil Procedure and all other available remedies

X.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court shall retain jurisdiction over this action for all purposes, including implementing and carrying out the terms of this Judgment and all other orders which may be entered herein, to resolve the Commission's pending claims against Defendants Berardi and Hawkesworth for disgorgement, prejudgment interest, and civil penalties, and to entertain any suitable application or motion for additional relief within the jurisdiction of this Court

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

IT IS SO ORDERED.

DATED: June 11, 2004


The Honorable Virginia A. Phillips
UNITED STATES DISTRICT JUDGE

APPROVED AS TO FORM AND CONTENT:


DATED: 5/24, 2004


Defendant Daniel Berardi

DATED: 5/24, 2004


Defendant Thomas Hawkesworth

DATED: 6/9, 2004


John Cotton
Attorney for Defendants Daniel J. Berardi
and Thomas Hawkesworth

PROOF OF SERVICE

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

☒ U S SECURITIES AND EXCHANGE COMMISSION, 5670 Wilshire Boulevard, 11th Floor, Los Angeles, California 90036

Telephone (323) 965-3998 Fax (323) 965-3908

On June 9, 2004, I served the document entitled **JUDGMENT OF PERMANENT INJUNCTION AND OTHER RELIEF AGAINST DEFENDANTS DANIEL J. BERARDI, JR. AND THOMAS HAWKESWORTH** upon the parties to this action addressed as stated on the attached service list

☒ **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

☐ **PERSONAL SERVICE:** I caused to be personally delivered each such envelope by hand to the office of the addressee in the attached service list

☐ **FEDERAL EXPRESS:** By placing in sealed envelope(s) designated by Federal Express with delivery fees paid or provided for, which I deposited in a facility regularly maintained by Federal Express or delivered to a Federal Express courier, at Los Angeles, California

☐ **FACSIMILE (by agreement of parties only):** By transmitting the document by facsimile transmission The transmission was reported as complete and without error

☒ **(Federal)** I declare that I am employed in the office of a member of the bar of this Court, at whose direction the service was made I declare under penalty of perjury that the foregoing is true and correct

Date: June 9, 2004


MAGNOLIA M MARCELO

SEC v. MX FACTORS, LLC, et al.
United States District Court - Central District of California
Case No. EDCV 02-223 VAP (SGLx)
(LA-2790)

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