

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

FILED
OCT 31 2002
CLERK, U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
SOUTHERN DIVISION AT SANTA ANA
DEPUTY

Send
BY _____
2002 OCT 25 PM 1:45
CENTRAL DISTRICT OF CALIF.
SANTA ANA

LOGGED

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

SECURITIES AND EXCHANGE COMMISSION,

Case No. SA CV 00-17 AHS (EEx)

Plaintiff,

vs.

FINAL JUDGMENT OF PERMANENT
INJUNCTION AND OTHER RELIEF AS
TO DAVID E. MORRIS

PETRO RESOURCES CORP., CLINTON
SAMUEL MCCLINTOCK, AUSTRAL OIL &
EXPLORATION, INC., MYRON J. PALERMO,
ITS CONSULTING, INC., INTEGRITY
FINANCIAL GROUP, TRITECH INVESTMENT
GROUP, LTD., ALAN B. BAIOCCHI, DAVID
E. MORRIS, and JAMES SILVER,

Defendants.

The Plaintiff Securities and Exchange Commission ("Commission") has filed its Complaint seeking permanent injunctions and other relief in this action. Defendant David E. Morris ("Morris") has submitted his Consent, which is incorporated by reference. In his Consent, Morris enters a general appearance in this case, admits the jurisdiction of this Court over him and the subject matter of this action, acknowledges service of the Amended Complaint on him, waives

48

ENTER ON ICMS
NOV - 1 2002
Vln

1 the filing of an Answer, waives a trial, presentation of
2 evidence, and adjudication of issues of fact or law, waives the
3 entry of findings of fact and conclusions of law pursuant to
4 Rule 52 of the Federal Rules of Civil Procedure, and waives any
5 right he might have to appeal from the entry of this Final
6 Judgment. Without admitting or denying any of the allegations of
7 the Complaint, except as to jurisdiction, Defendant Morris
8 consents to the entry of this Final Judgment of Permanent
9 Injunction.
10

11 It appearing that this Court has jurisdiction over
12 Defendant Morris and the subject matter of this case, and the
13 Court being fully advised in the premises and there being no
14 just cause for delay:

15 I.

16 IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Defendant
17 Morris and his officers, agents, servants, employees, and those
18 persons in active concert or participation with them, who
19 receive actual notice of this order by personal service or
20 otherwise, and each of them, be and hereby are restrained and
21 enjoined from, directly or indirectly violating Section 17(a) of
22 the Securities Act of 1933 ("Securities Act") [15 U.S.C. §
23 77q(a)] by using any means or instruments of transportation or
24 communication in interstate commerce, or using the mails, in the
25 offer or sale of any securities, to:
26

27 a. employ any device, scheme, or artifice to defraud;

28

- 1
2
3 b. obtain money or property by means of any untrue
4 statement of a material fact or any omission to state
5 a material fact necessary in order to make the
6 statements made, in the light of the circumstances
7 under which they were made, not misleading; or
8 c. engage in any transaction, practice, or course of
9 business which operates or would operate as a fraud
10 or deceit upon any purchaser.

11 II.

12 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant
13 Morris and his officers, agents, servants, employees, and those
14 persons in active concert or participation with them who receive
15 actual notice of this order by personal service or otherwise,
16 and each of them, be and hereby are restrained and enjoined
17 from, directly or indirectly, violating Section 10(b) of the
18 Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §
19 78j(b)], and Rule 10b-5 promulgated thereunder [17 C.F.R. §
20 240.10b-5], by using any means or instrumentality of interstate
21 commerce, or of the mails, or of any facility of any national
22 securities exchange, to:
23

- 24 a. employ any device, scheme, or artifice to defraud;
25 b. make any untrue statement of a material fact or to
26 omit to state a material fact necessary in order to
27 make the statements made, in light of the
28

1
2
3 circumstances under which they were made, not misleading; or

4 c. engage in any act, practice, or course of business
5 which operates or would operate as a fraud or deceit
6 upon any person,

7 in connection with the purchase or sale of any security.

8 III.

9 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant
10 Morris and his officers, agents, servants, employees, and those
11 persons in active concert or participation with them who receive
12 actual notice of this order by personal service or otherwise,
13 and each of them, be and hereby are restrained and enjoined
14 from, directly or indirectly, violating Section 15(a) of the
15 Exchange Act [15 U.S.C. § 78o(a)] by making use of the mails or
16 any means or instrumentality of interstate commerce to effect
17 any transaction in, or to induce or attempt to induce the
18 purchase or sale of, any security (other than an exempted
19 security or commercial paper, bankers' acceptances, or
20 commercial bills), while engaged in the business of effecting
21 transactions in securities for the account of others or while
22 engaged in the business of buying and selling securities for his
23 own account, unless he is registered with the Commission as a
24 broker or dealer in accord with Section 15 of the Exchange Act
25 [15 U.S.C. 78o].
26
27
28

1
2 IV.

3 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant
4 Morris pay disgorgement in the amount of \$20,000 and pay a
5 civil penalty of \$20,000 pursuant to Section 20(d) of the
6 Securities Act [15 U.S.C. § 77t(d) and Section 21(d)(3) of the
7 Exchange Act [15 U.S.C. § 78u(d)(3)]. Such payments shall be
8 made by U.S. postal money order, certified check, bank
9 cashier's check, or bank money order, made payable to the
10 "Securities and Exchange Commission" and bearing on its face
11 the caption "SEC v. Petro Resources Corp., et al." Such
12 payments shall be transmitted by certified mail (return receipt
13 requested) to the Comptroller, U.S. Securities and Exchange
14 Commission, Mail Stop 2-5, 450 Fifth Street, N.W. Washington,
15 D.C. 20549, under cover of a letter that identifies the
16 defendant, the name and case number of this action, the name of
17 this Court and the Commission's case number (D-2050). A copy
18 of the cover letter and the check or money order shall be
19 transmitted simultaneously to counsel for the Commission.
20

21 V.

22 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant
23 Morris shall comply with his undertaking that, at the
24 Commission's request, on reasonable notice and without service
25 of a subpoena, he will cooperate with the Commission and its
26 staff and truthfully disclose all information with respect to
27 his activities and the activities of others about which the
28

1
2
3 Commission or its staff may inquire; testify in all
4 investigations, administrative and judicial proceedings at
5 which the Commission or its staff makes requests for his
6 testimony; make himself available as may be required by the
7 Commission or its staff; produce any documents within his
8 possession, custody or control, domestic or foreign, which are
9 requested by the Commission or its staff; be accompanied at any
10 time he so desires by counsel of his choice; give truthful and
11 accurate information and testimony and not assert any
12 evidentiary or other privilege, other than the attorney-client
13 and work product privileges; and in the event of his failure to
14 testify truthfully or to comply with the above requirements, be
15 subject to contempt proceedings, charges of perjury and/or
16 charges of obstruction of justice.

17
18 VI.

19 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the
20 attached Consent of Defendant Morris be incorporated by
21 reference with the same force and effect as if fully set forth
22 herein.

23 VII.

24 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant
25 Morris, upon entry of this Final Order, shall execute promptly
26 in a form supplied by the Plaintiff, an acknowledgement of
27
28

1 service of this Final Order and promptly return the
2 acknowledgement to Plaintiff's counsel of record.


3 VIII.

4 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this
5 Court shall retain jurisdiction of this matter for purposes of
6 enforcing this Final Judgment.

7
8 IX.

9 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that there
10 being no just reason for delay, the Clerk of the Court is hereby
11 directed, pursuant to Rule 54(b) of the Federal Rules of Civil
12 Procedure to enter this Final Judgment forthwith and without
13 further notice.

14 DATED this 31st day of October, 2002.

15
16
17 
18 Alicemarie H. Stotler
19 United States District Judge
20
21
22
23
24
25
26
27
28