

1 JOSE F. SANCHEZ, Cal. Bar No. 161362  
2 Attorney for Plaintiff  
3 Randall R. Lee, Regional Director  
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5 Securities and Exchange Commission  
6 5670 Wilshire Boulevard, 11<sup>th</sup> Floor  
7 Los Angeles, California 90036-3648  
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9 Facsimile: (323) 965-3908

FILED  
CLERK, U.S. DISTRICT COURT  
SEP 22 2004  
CENTRAL DISTRICT OF CALIFORNIA  
DEPUTY  
BY [Signature]

LOGGED

CLERK U.S. DISTRICT COURT  
CENTRAL DIST. OF CALIF.  
LOS ANGELES

10 **UNITED STATES DISTRICT COURT**  
11 **FOR THE CENTRAL DISTRICT OF CALIFORNIA**  
12 **WESTERN DIVISION**

13 **SECURITIES AND EXCHANGE**  
14 **COMMISSION,**

15 Plaintiff,

16 vs.

17 **BRIAN E. PRIDGEON, STEPHON A.**  
18 **CARRADINE, and CRAIG L. SMITH,**

19 Defendants.

Case No. CV 00-09375 FMC (RZx)

**JUDGMENT OF PERMANENT  
INJUNCTION AND OTHER  
RELIEF AGAINST DEFENDANT  
CRAIG L. SMITH**

20 Plaintiff Securities and Exchange Commission ("Commission") having filed and  
21 served upon Defendant Craig L. Smith ("Smith") a Summons and Complaint in this  
22 action; Smith having entered a general appearance and consented to the Court's  
23 jurisdiction over him and to the subject matter over this action, having been fully  
24 advised and informed of his right to a judicial determination of this matter, having  
25 waived the entry of findings of fact and conclusions of law as provided by Rule 52 of  
26 the Federal Rules of Civil Procedure, having consented to the entry of this Judgment of  
27 Permanent Injunction and Other Relief ("Judgment"), without admitting or denying the  
28 allegations in the Complaint, except as specifically set forth herein and in his Consent  
to Entry of Judgment of Permanent Injunction and Other Relief ("Consent"); no notice  
of hearing upon the entry of this Judgment being necessary; and this Court being fully

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1 advised:

2 I.

3 IT IS ORDERED, ADJUDGED AND DECREED that Defendant Smith, and his  
4 agents, servants, employees, attorneys, and those persons in active concert or  
5 participation with any of them who receive actual notice of this Judgment, by personal  
6 service or otherwise, and each of them, are permanently restrained and enjoined from,  
7 directly or indirectly, in connection with the purchase or sale of any security, by the  
8 use of any means or instrumentality of interstate commerce, or of the mails, or of any  
9 facility of any national securities exchange:

- 10 A. employing any device, scheme, or artifice to defraud;
- 11 B. making any untrue statement of a material fact or omitting to state a  
12 material fact necessary in order to make the statements made, in the  
13 light of the circumstances under which they were made, not  
14 misleading; or
- 15 C. engaging in any act, practice, or course of business which operates  
16 or would operate as a fraud or deceit upon any person

17 in violation of Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"),  
18 15 U.S.C. § 78j(b), and Rule 10b-5 thereunder, 17 C.F.R. § 240.10b-5.

19 II.

20 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant  
21 Smith is liable for disgorgement of \$47,437, representing profits gained as a result of  
22 the conduct alleged in the Complaint, plus prejudgment interest thereon of \$13,386.83  
23 as of June 1, 2004, and thereafter accruing at a rate of \$9.23 per day. Smith shall  
24 satisfy this obligation within thirty days of entry of this Judgment by certified check,  
25 bank cashier's check, or United States postal money order payable to the Securities and  
26 Exchange Commission. The payment shall be delivered or mailed to the Office of  
27 Financial Management, Securities and Exchange Commission, Operations Center,  
28 6432 General Green Way, Mail Stop 0-3, Alexandria, Virginia 22312, and shall be

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1 accompanied by a letter identifying Craig L. Smith as a defendant in this action; setting  
2 forth the title and civil action number of this action and the name of this Court; and  
3 specifying that payment is made pursuant to this Judgment. By making this payment,  
4 Smith relinquishes all legal and equitable right, title, and interest in such funds, and no  
5 part of the funds shall be returned to Smith.

6 **III.**

7 **IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Defendant  
8 Smith is liable for a civil penalty of \$25,000 pursuant to Section 21A of the Exchange  
9 Act, 15 U.S.C. § 78u-1. Smith shall satisfy this obligation within one year of entry of  
10 this Judgment by certified check, bank cashier's check, or United States postal money  
11 order payable to the Securities and Exchange Commission. The payment shall be  
12 delivered or mailed to the Office of Financial Management, Securities and Exchange  
13 Commission, Operations Center, 6432 General Green Way, Mail Stop 0-3, Alexandria,  
14 Virginia 22312, and shall be accompanied by a letter identifying Craig L. Smith as a  
15 defendant in this action; setting forth the title and civil action number of this action and  
16 the name of this Court; and specifying that payment is made pursuant to this Judgment.  
17 By making this payment, Smith relinquishes all legal and equitable right, title, and  
18 interest in such funds, and no part of the funds shall be returned to Smith.

19 **IV.**

20 **IT IS FURTHER ORDERED, ADJUDGED AND DECREED** that during the  
21 pendency of this action against any defendant, Defendant Smith shall remain subject to  
22 the discovery provisions of the Federal Rules of Civil Procedure which apply to  
23 parties, and, that Defendant Smith shall appear for his deposition or testify as a witness  
24 at any trial of this action or at any related proceeding. Failure to comply with the  
25 foregoing will subject Defendant Smith to the remedies and sanctions set forth in Rule  
26 37 of the Federal Rules of Civil Procedure and all other available remedies.

27 **V.**

28 **IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that the Consent

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1 is incorporated herein with the same force and effect as if fully set forth herein, and  
2 that Defendant shall comply with all of the undertakings and agreements set forth  
3 therein.

4 VI.

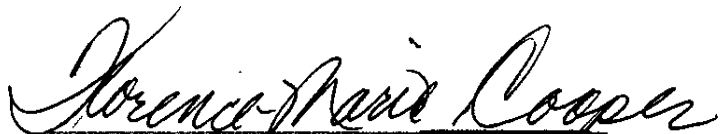
5 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court  
6 shall retain jurisdiction of this matter for the purposes of enforcing the terms of this  
7 Judgment.

8 VII.

9 There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules  
10 of Civil Procedure, the Clerk is ordered to enter this Judgment forthwith and without  
11 further notice.

12 IT IS SO ORDERED.

13  
14 DATED: 9/22/04

  
The Honorable Florence-Marie Cooper  
UNITED STATES DISTRICT JUDGE

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18 APPROVED AS TO FORM AND CONTENT:

19  
20 DATED: June 3, 2004

  
Defendant Craig L. Smith

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**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, 11<sup>th</sup> Floor, Los Angeles, California 90036.

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

On September 21, 2004, I served the document entitled **JUDGMENT OF PERMANENT INJUNCTION AND OTHER RELIEF AGAINST DEFENDANT CRAIG L. SMITH** 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.

**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.

**FAX (BY AGREEMENT 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: September 21, 2004

*Magnolia M. Marcelo*  
MAGNOLIA M. MARCELO

FILED  
SEP 23 2004  
CLERK OF COURT

1                                    **SEC v. BRIAN E. PRIDGEON, et al.**  
2                                    **United States District Court - Central District of California**  
3                                    **Case No. CV 00-09375 FMC (RZx)**  
4                                    **(LA-2256)**

5                                    **SERVICE LIST**

6                                    Jonathan Schwartz, Esq.  
7                                    Law Offices of Jonathan Schwartz  
8                                    4676 Admiralty Way, Suite 503  
9                                    Marina del Rey, CA 90292-6606  
10                                   ***Attorney for Defendant Brian E. Pridgeon***

11                                   Brian E. Pridgeon  
12                                   3520 Pleasant Row Court  
13                                   San Jose, CA 95148

14                                   Stephon A. Carradine  
15                                   8024 East Damar Street  
16                                   Long Beach, CA 90808  
17                                   ***In Pro Per***

18                                   Stephon A. Carradine  
19                                   Century 21 Success  
20                                   5816 Downey Avenue  
21                                   Long Beach, CA 90805  
22                                   ***In Pro Per***

23                                   Craig L. Smith  
24                                   581-101 Holbrook Court  
25                                   Long Beach, CA 90803  
26                                   ***In Pro Per***