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DEC 10 2002

CLERK, U.S. DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
EASTERN DIVISION

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

SECURITIES AND EXCHANGE  
COMMISSION,  
  
Plaintiff,  
  
v.  
  
ROBERT N. ROOKS, JOHN W.  
DUFFELL III, and CHARLES E. YOST  
II,  
  
Defendants.

Case No. EDCV 01-846 VAP  
(SGLx)  
**PROPOSED FINAL  
JUDGMENT OF  
PERMANENT  
INJUNCTION AND OTHER  
RELIEF AGAINST  
DEFENDANT JOHN W.  
DUFFELL**

THIS CONSTITUTES NOTICE OF ENTRY  
AS REQUIRED BY FRCP, RULE 77(d).

Plaintiff Securities and Exchange Commission ("Commission"), having filed and served upon Defendant John W. Duffell ("Duffell") a Summons and Complaint in this action; Duffell having admitted service upon him of the Summons and Complaint in this action and the jurisdiction of this Court over him and over the subject matter of this action; Duffell having been fully advised and informed of his right to a judicial determination of this matter; Duffell having waived the entry of findings of fact and conclusions of law as provided by Rule 52 of the Federal Rules of Civil Procedure; Duffell having consented to the entry of this Final

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1 Judgment Of Permanent Injunction And Other Relief Against Defendant John W  
2 Duffell ("Final Judgment"), without admitting or denying the allegations in the  
3 Complaint, except as specifically set forth in the Consent Of Defendant John W  
4 Duffell To Entry Of Final Judgment Of Permanent Injunction And Other Relief  
5 ("Consent"), no notice of hearing upon the entry of this Final Judgment being  
6 necessary, and this Court being fully advised, and there being no just reason for  
7 delay:

8 L

9 IT IS ORDERED, ADJUDGED, AND DECREED that Duffell and his  
10 agents, servants, employees, and all persons in active concert or participation with  
11 any of them, who receive actual notice of this Judgment, by personal service or  
12 otherwise, and each of them, are permanently restrained and enjoined from, directly  
13 or indirectly, in the offer or sale of the securities of any issuer, by the use of any  
14 means or instruments of transportation or communication in interstate commerce or  
15 by the use of the mails:

- 16 A. employing any device, scheme or artifice to defraud;
- 17 B obtaining money or property by means of any untrue statement of a  
18 material fact or any omission to state a material fact necessary in order  
19 to make the statements made, in the light of the circumstances under  
20 which they were made, not misleading; or
- 21 C. engaging in any transaction, practice, or course of business which  
22 operates or would operate as a fraud or deceit upon the purchaser;
- 23 in violation of Section 17(a) of the Securities Act of 1933, 15 U.S.C. § 77q(a).

24 II.

25 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Duffell  
26 and his agents, servants, employees and attorneys, and all persons in active concert  
27 or participation with any of them, who receive actual notice of this Final Judgment  
28 by personal service or otherwise, and each of them, are permanently restrained and

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1 enjoined from, directly or indirectly, in connection with the purchase or sale of any  
2 security, by the use of any means or instrumentality of interstate commerce, or of  
3 the mails, or of any facility of any national securities exchange:

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

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

13 III.

14 IT IS FURTHER ORDERED, ADJUDGED & DECREED that Duffell and  
15 his officers, agents, servants, employees, attorneys, and all persons in active  
16 concert or participation with any of them, who receive actual notice of this  
17 Judgment, by personal service or otherwise, and each of them, are permanently  
18 restrained and enjoined from, directly or indirectly

- 19 A. making use of any means or instruments of transportation or  
20 communication in interstate commerce or of the mails to sell the  
21 securities of any issuer, through the use or medium of any prospectus  
22 or otherwise, unless and until a registration statement is in effect as to  
23 such securities;
- 24 B. carrying or causing to be carried through the mails or in interstate  
25 commerce, by any means or instruments of transportation, for the  
26 purpose of sale or for delivery after sale, the securities of any issuer,  
27 unless and until a registration statement is in effect as to such  
28 securities; and

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1 C. making use of any means or instruments of transportation or  
 2 communication in interstate commerce or of the mails to offer to sell  
 3 or offer to buy, through the use or medium of any prospectus or  
 4 otherwise, the securities of any issuer, unless and until a registration  
 5 statement has been filed with the Commission as to such securities, or  
 6 while a registration statement has been filed with the Commission as to  
 7 such securities, or while a registration statement as to such securities is  
 8 the subject of a refusal order or stop order or (prior to the effective  
 9 date of the registration statement) any public proceeding or  
 10 examination under Section 8 of the Securities Act, 15 U.S.C. § 77h;  
 11 in violation of Sections 5(a) and 5(c) of the Securities Act, 15 U.S.C. §§ 77e(a) &  
 12 77e(c); provided, however, that nothing in this Judgment shall apply to any security  
 13 or transaction which is exempt from the provisions of Section 5 of the Securities  
 14 Act, 15 U.S.C. § 77e.

15 IV.

16 IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED  
 17 that Duffell shall pay disgorgement in the amount of \$547,264.60 representing ill-  
 18 gotten gains as a result of the conduct alleged in the Complaint, together with  
 19 prejudgment interest in the amount of \$218,871.43. Duffell shall pay the  
 20 disgorgement and prejudgment interest within sixty days of entry of this Final  
 21 Judgment by cashier's check, certified check or postal money order made payable  
 22 to the United States Securities and Exchange Commission, which check or money  
 23 order shall be transmitted to the Office of Financial Management, 6432 General  
 24 Green Way, Stop 0-3, Alexandria, Virginia 22312, under cover of a letter which  
 25 identifies the defendant, the name and case number of this litigation and the name of  
 26 the Court. A copy of the cover letter and check shall be simultaneously transmitted  
 27 to counsel for the Commission at its Los Angeles office, located at 5670 Wilshire  
 28 Boulevard, 11<sup>th</sup> Floor, Los Angeles, California 90036.

V.

1  
2 IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED  
3 that pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77u(d), and  
4 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3), Duffell shall pay civil  
5 penalties in the amount of \$547,264.60. Duffell shall pay this penalty within sixty  
6 days of entry of this Final Judgment by cashier's check, certified check or postal  
7 money order within one year of the entry of this judgment. This payment shall be  
8 made payable to the United States Treasury and shall be transmitted to the Office  
9 of Financial Management, 6432 General Green Way, Stop 0-3, Alexandria, Virginia  
10 22312, under cover of a letter which identifies the defendant, the name and case  
11 number of this litigation and the name of the Court. A copy of the cover letter and  
12 check shall be simultaneously transmitted to counsel for the Commission at its Los  
13 Angeles office, located at 5670 Wilshire Boulevard, 11<sup>th</sup> Floor, Los Angeles,  
14 California 90036.

VI.

15  
16 IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED  
17 that during the pendency of this action against any defendant, Duffell shall remain  
18 subject to the discovery provisions of the Federal Rules of Civil Procedure which  
19 apply to parties, and, in addition, that Duffell agrees and undertakes, without  
20 service or a subpoena, to appear for his deposition or to testify as a witness at any  
21 trial of this action or at any related proceeding. Failure to comply with the  
22 foregoing will subject Duffell to the remedies and sanctions set forth in Rule 37 of  
23 the Federal Rules of Civil Procedure and all other available remedies.

VII.

24  
25 IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED  
26 that the provisions of the Consent filed concurrently with this Final Judgment are  
27 incorporated herein with the same force and effect as if fully set forth herein, and  
28 that Duffell shall comply with the Consent

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VIII

IT IS HEREBY FURTHER ORDERED, ADJUDGED AND DECREED that this Court shall retain jurisdiction over this action for all purposes, including to determine the liability of any remaining defendants in this action, to implement, enforce and carry out the terms of this Final Judgment and all other orders and decrees that may be entered herein, and to grant such other relief as this Court may deem necessary and just.

\* \* \*

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

DATED: December 9, 2002 *Virginia A. Phillips*  
HONORABLE VIRGINIA A. PHILLIPS  
UNITED STATES DISTRICT JUDGE

Submitted by:  
*[Signature]*  
Jose F. Sanchez  
Susan F. Hannan  
Attorneys for Plaintiff Securities and Exchange Commission

Approved as to form and content by:  
*[Signature]*  
John W. Duffell

Approved as to form and content by:  
*[Signature]*  
Pinchus D. Raice  
Attorney for Defendant John W. Duffell

**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 90036-3648

Telephone No. (323) 965-3998; Facsimile No. (323) 965-3908.

On December 9, 2002, I served the document entitled **[PROPOSED] FINAL JUDGMENT OF PERMANENT INJUNCTION AND OTHER RELIEF AGAINST DEFENDANT JOHN W. DUFFELL** 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.

**HAND DELIVERY:** I caused to be hand delivered each such envelope to the office of the addressee.

**FEDERAL EXPRESS BY AGREEMENT OF ALL PARTIES:** 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.

**ELECTRONIC MAIL:** By transmitting the document by electronic mail to the electronic mail address as stated on the attached service list.

**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: December 9, 2002

Magnolia M. Marcelo  
MAGNOLIA M MARCELO

1                                    **SEC v. ROBERT N. ROOKS, et al.**  
2                                    **United States District Court - Central District of California**  
3                                    **Case No. EDCV 01-846 VAP (SGLx)**  
4                                    **(LA-844)**

5                                    SERVICE LIST

6                                    Charles E. Yost II  
7                                    1200 Douglas Drive  
8                                    Euless, TX 76039  
9                                    Telephone: 817-358-9006  
10                                    Cell. No.: 817-907-3252  
11                                    Facsimile: 817-283-5871  
12                                    Email: cyost11@swbell.net or cyost11@netscape.net  
13                                    *Pro Se*

14                                    Pinchus D. Raice, Esq.  
15                                    David J. Wolkenstein, Esq.  
16                                    Raice, Paykin & Krieg LLP  
17                                    185 Madison Avenue, 10<sup>th</sup> Floor  
18                                    New York, NY 10016  
19                                    Telephone: 212-725-4423  
20                                    Facsimile: 212-684-9022  
21                                    *Attorney for Defendant John W. Duffell III*

22                                    John T. Jacobs, Esq.  
23                                    8538 Hollywood Boulevard  
24                                    Los Angeles, CA 90069  
25                                    Telephone: 323-656-4213  
26                                    Facsimile: 323-656-4249  
27                                    *Attorney for Defendant John W. Duffell III*