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9 UNITED STATES DISTRICT COURT
10 CENTRAL DISTRICT OF CALIFORNIA
11 WESTERN DIVISION

12 _____ :
13 SECURITIES AND EXCHANGE COMMISSION, :
14 Plaintiff, :
15 v. :
16 KS RESOURCES, :
17 WESTSTAR EXPLORATION, INC., :
18 LAZAR FREDERICK & COMPANY, :
19 JOHN K. JUDD, JR., MARK D. SEIGEL, :
20 ALEXANDER L. KAHAN, BETTY A. RUBIN, :
21 GUARDIAN INDUSTRIES, INC., :
22 PATHFINDER MINERALS GROUP, INC., :
23 ALEX KAHAN ENTERPRISES, INC., :
24 MID-WEST PRODUCTION, INC., and :
25 JAMIE B. SEIGEL, :
26 Defendants. :

Civil Action
95-8608 WDK

FINAL JUDGMENT OF
PERMANENT INJUNCTION AND
OTHER RELIEF AGAINST
DEFENDANT MARK D. SEIGEL

23 Plaintiff Securities and Exchange Commission ("Commission"),
24 having filed and served upon defendant Mark D. Seigel ("Seigel")
25 a Summons and Complaint for Permanent Injunction and Other Relief
26 in this action; defendant Seigel having admitted service of the
27 Summons and Complaint in this action and the jurisdiction of this
28 Court over him and over the subject matter of this action; having

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1 | been fully advised and informed of his right to a judicial
2 | determination of this matter; having waived findings of fact and
3 | conclusions of law as provided by Rule 52 of the Federal Rules of
4 | Civil Procedure; having consented to the entry of this Final
5 | Judgment of Permanent Injunction and Other Relief Against
6 | Defendant Mark D. Seigel ("Judgment"), without admitting or
7 | denying any of the allegations in the Complaint except as
8 | specifically set forth in the Consent of Defendant Mark D. Seigel
9 | to Entry of Order of Permanent Injunction and Other Relief
10 | ("Consent"); no notice of hearing upon the entry of this Order
11 | being necessary; and the Court being fully advised in the
12 | premises:

13 | I.

14 | IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Defendant
15 | Seigel and his agents, servants, employees, attorneys, and all
16 | persons in active concert or participation with any of them, who
17 | receive actual notice of this Order, by personal service or
18 | otherwise, and each of them, be and hereby are permanently
19 | restrained and enjoined from, directly or indirectly:

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

1 after sale, the securities of any issuer, unless and
2 until a registration statement is in effect as to such
3 securities; and

4 C. making use of any means or instruments of
5 transportation or communication in interstate commerce
6 or of the mails to offer to sell or offer to buy,
7 through the use or medium of any prospectus or
8 otherwise, the securities of any issuer, unless and
9 until a registration statement has been filed with the
10 Commission as to such securities, or while a
11 registration statement has been filed with the
12 Commission as to such securities, or while a
13 registration statement as to such securities is the
14 subject of a refusal order or stop order or (prior to
15 the effective date of the registration statement) any
16 public proceeding or examination under Section 8 of the
17 Securities Act [15 U.S.C. § 77h];

18 in violation of Sections 5(a) and 5(c) of the Securities Act [15
19 U.S.C. §§ 77e(a) & 77e(c)]; provided, however, that nothing in
20 Part I of this Order shall apply to any security or transaction
21 which is exempt from the provisions of Section 5 of the
22 Securities Act [15 U.S.C. § 77e].

23 II.

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

1 enjoined from, directly or indirectly, in the offer or sale of
2 the securities of any issuer, by the use of any means or
3 instruments of transportation or communication in interstate
4 commerce or by the use of the mails:

5 A. employing any device, scheme or artifice to defraud;

6 B. obtaining money or property by means of any untrue
7 statement of a material fact or any omission to state a
8 material fact necessary in order to make the statements
9 made, in light of the circumstances under which they
10 were made, not misleading; or

11 C. engaging in any transaction, practice, or course of
12 business which operates or would operate as a fraud or
13 deceit upon the purchaser;

14 in violation of Section 17(a) of the Securities Act [15 U.S.C.
15 § 77q(a)].

16 III.

17 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendant
18 Seigel and his agents, servants, employees and attorneys, and all
19 persons in active concert or participation with any of them, who
20 receive actual notice of this Order, by personal service or
21 otherwise, and each of them, are permanently restrained and
22 enjoined from, directly or indirectly, in connection with the
23 purchase or sale of the securities of any issuer, by the use of
24 any means or instrumentality of interstate commerce, or of the
25 mails, or of any facility of any national securities exchange:

26 A. employing any device, scheme, or artifice to defraud;

27 B. making any untrue statement of a material fact or
28 omitting to state a material fact necessary in order to

1 make the statements made, in light of the circumstances
2 under which they were made, not misleading; or
3 C. engaging in any act, practice, or course of business
4 which operates or would operate as a fraud or deceit
5 upon any person;
6 in violation of Section 10(b) of the Exchange Act [15 U.S.C.
7 § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

8 IV.

9 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendant
10 Seigel shall pay disgorgement in the amount of \$1,068,125, plus
11 prejudgment interest thereon in the amount of \$74,365.08,
12 totalling \$1,142,490.08. Based upon Seigel's sworn
13 representations in his Statement of Financial Condition dated
14 February 11, 1997, together with Seigel's declaration under
15 penalty of perjury, submitted to the Commission, payment of all
16 but \$317,496.81 of the disgorgement and pre-judgment interest
17 thereon is waived. This waiver is contingent upon the accuracy
18 and completeness of his Statement of Financial Condition and
19 declaration under penalty of perjury. If at any time following
20 the entry of this Judgment the Commission obtains information
21 indicating that Seigel's representations to the Commission
22 concerning his assets, income, liabilities, or net worth were
23 fraudulent, misleading, inaccurate or incomplete in any material
24 respect as of the time such representations were made, the
25 Commission may, at its sole discretion and without prior notice
26 to Seigel, petition this Court for an order modifying this
27 Judgment to require other payment of disgorgement, and pre-
28 judgment and post-judgment interest thereon. In connection with

1 any such petition, the only issue shall be whether the financial
2 information provided by Seigel was fraudulent, misleading,
3 inaccurate or incomplete in any material respect as of the time
4 such representations were made. In its petition, the Commission
5 may move this Court to consider all available remedies,
6 including, but not limited to, ordering Seigel to pay funds or
7 assets, directing the surrender of any assets, or sanctions for
8 contempt of this Judgment, and the Commission may also request
9 additional discovery. Seigel may not, by way of defense to such
10 petition, challenge the validity of this Consent or the Judgment,
11 contest the allegations in the Complaint filed by the Commission,
12 the amount of disgorgement and interest, or assert that
13 disgorgement should not be ordered.

14 V.

15 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that \$5,133.38
16 of the disgorgement amount to be paid by Seigel shall be
17 satisfied by the transfer of the bank accounts listed below to
18 Arthur N. Greenberg, in his capacity as Permanent Receiver for KS
19 Resources, Weststar Exploration, Inc., and their subsidiaries and
20 affiliates (the "Permanent Receiver"), within 30 days of the
21 entry of this Judgment. The bank accounts to be transferred are:
22 Bank of America account numbers 03805-12674, 03803-03725, 15816-
23 37203; Bank of Los Angeles account number 404032; Manufacturers
24 Bank account numbers 03210-219 and 03-934-438; and Wells Fargo
25 Bank account numbers 0645-532193, and 0645-576687.

26 VI.

27 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that \$5,000 of
28 the disgorgement amount to be paid by Seigel shall be satisfied

1 as follows: Upon demand of the Permanent Receiver, Seigel shall
2 transfer to the Permanent Receiver all right, title and interest
3 in and to Weststar Exploration, Inc, Westar Exploration, Inc.,
4 Pathfinder Minerals Group, Inc., Seigel's two percent (2%)
5 interest in the Seigel Family Partnership and Mid-Republic
6 Energy, Inc., including without limitation shares of stock,
7 accounts receivable, the company's office lease, the office
8 furniture, fixtures and equipment in possession of the Permanent
9 Receiver (including those items which Seigel claims to own
10 personally), cash on hand and goodwill, if any.

11 VII.

12 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that \$300,000.00
13 of the disgorgement amount to be paid by Seigel shall be
14 satisfied by a credit against or other reduction of the claim of
15 Glenn Supply Company, Inc. ("Glenn Supply") against the estates
16 of the respective limited partnerships administered by the
17 Permanent Receiver, together with other credits and compromises
18 by Glenn Supply in favor of the Permanent Receiver. These
19 credits and other compromises of Glenn Supply shall occur as part
20 of a settlement between Glenn Supply and the Permanent Receiver
21 in which Glenn Supply's claim shall be reduced to an amount not
22 to exceed \$250,000. Accordingly, entry of this Judgment is
23 contingent upon and subject to acceptance by Glenn Supply and
24 this Court's approval of a settlement between Glenn Supply and
25 the Permanent Receiver in which the claim of Glenn Supply against
26 the estate administered by the Permanent Receiver is reduced to
27 an amount not to exceed \$250,000.

28

VIII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that \$7,363.43 of the disgorgement amount to be paid by Seigel shall be satisfied by Seigel's transfer to the Permanent Receiver of \$2,863.43 representing the proceeds of the sale of an 1993 Acura NSX and an attache case purchased at Wehmeiers Belt Shop on November 22, 1994 for the purchase price of \$4,500.

IX.

IT IS FURTHER ORDER, ADJUDGED AND DECREED that Seigel shall transfer all assets described in sections V. through VIII. above to the Permanent Receiver free and clear of any liens, claims or interests, except as expressly stated above.

X.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the provisions of the Consent filed concurrently with this Order are incorporated herein with the same force and effect as if fully set forth herein and that Seigel shall comply with his Consent.

XI.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that, upon entry of this Judgment, Section IV, Section V and Section VI, Paragraph J of the Order of Preliminary Injunction and Orders: (1) Freezing Assets; (2) Prohibiting Transfer of Assets; and (3) Appointing a Permanent Receiver ("Preliminary Injunction"), issued April 4, 1996 shall be modified to delete the name of Mark D. Seigel.

XII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that, except as modified by this Judgment or other order of the Court, the Order of Preliminary Injunction and Orders: (1) Freezing Assets; (2)

1 Prohibiting Transfer of Assets; and (3) Appointing a Permanent
2 Receiver ("Preliminary Injunction"), issued April 4, 1996 shall
3 continue in full force and effect.

4 XIII.

5 IT IS FURTHER ORDERED that this Court shall retain
6 jurisdiction over this action for all purposes including
7 determining the liability of any remaining defendants in this
8 action, implementing and enforcing this Judgment and all other
9 orders and decrees which have been and may be entered herein,
10 determining the amount of disgorgement to be paid by Seigel, and
11 granting such other relief as the Court may deem necessary and
12 just.

13 * * * * *

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

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18
19 DATED:

11/12/97

WILLIAM D. KELLER

United States District Judge

CERTIFICATE OF SERVICE

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3 I, Susan R. Allen, am over the age of 18 years, not a party to
4 this action, and a citizen of the United States. My business address
5 is 5670 Wilshire Boulevard, 11th Floor, Los Angeles, California 90036.
6 On October 28, 1997, I caused to be served copies of the **FINAL**
7 **JUDGMENT OF PERMANENT INJUNCTION AND OTHER RELIEF AGAINST DEFENDANT**
8 **MARK D. SIEGEL** by causing true and correct copies to be mailed thereof
9 in sealed envelopes, postage prepaid, to:

10 H. Thomas Fehn, Esq.
11 Fields, Fehn & Sherwin
12 11755 Wilshire Blvd., 15th Floor
13 Los Angeles, CA 90025

14 Irving M. Einhorn, Esq.
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16 11900 Olympic Blvd, Suite 510
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Tulsa, Oklahoma 74103

I declare under penalty of perjury that the foregoing is true and correct.

Dated: October 28, 1997


Susan R. Allen