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FILED

MAY - 5 2000

CLERK, U.S. DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA
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7 DEC 1 1999

8 CLERK, U.S. DISTRICT COURT
9 EASTERN DISTRICT OF CALIF. *664* UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA

10 _____ :
11 SECURITIES AND EXCHANGE COMMISSION, :
12 Plaintiff, :
13 v. :
14 KENNETH E. EDWARDS, :
15 ROGER S. CHEDESTER, :
16 DONALD E. LUNA, :
17 A.R. GRANT MOREHOUSE and :
18 FIRST AMERICAN COMPANIES, INC. :
19 Defendants. :

Civil Action No.
S-96 1716 GEB GGH
[PROPOSED] DEFAULT
JUDGMENT OF DISGORGEMENT
AND PERMANENT INJUNCTION
AGAINST DEFENDANT ROGER
S. CHEDESTER

19 **DEFAULT JUDGMENT**

20 This proceeding arises from the Complaint for Permanent
21 Injunction and Other Relief (the "Complaint") filed by the
22 plaintiff Securities and Exchange Commission ("Commission") on
23 September 27, 1996 against defendants Kenneth E. Edwards, Roger S.
24 Chedester, Donald E. Luna, A.R. Grant Morehouse and First American
25 Companies, Inc. for violations of Sections 5(a) and (c) and Section
26 17(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C.
27 §§ 77e(a), 77e(c), 77q(a), of Sections 10(b) and 15(a) of the
28 Securities Exchange Act of 1934 ("Exchange Act"), 15 U.S.C. §§

54

1 78j(b), 78o(a), and of Exchange Act Rule 10b-5, 17 C.F.R. 240.10b-5
2 (1997).

3 After being properly served with the Summons and
4 Complaint, Roger S. Chedester ("Chedester") failed to respond in a
5 timely manner, and the Clerk entered his default on March 21, 1997.
6 Based upon the Commission's Application for Default Judgment
7 Against Roger Chedester, the Court finds based upon the written
8 submissions that:

9 1. The Commission is entitled to judgment against
10 Chedester based upon the well-pleaded allegations in the Complaint,
11 as filed on September 27, 1996.

12 2. The Complaint's well-pleaded allegations establish
13 Chedester's liability for violating Section 17(a) of the Securities
14 Act of 1933 ("Securities Act") through the making of material
15 misstatements and omissions in connection with the offer for sale
16 of securities, for violating Section 10(b) and Rule 10b-5 of the
17 Securities Exchange Act of 1934 ("Exchange Act") through the making
18 of material misstatements and omissions in connection with the
19 purchase or sale of securities and for violating Section 15(a) of
20 the Exchange Act by acting as an unregistered broker.

21 3. Chedester received the liquidated sum of \$27,880 in
22 commissions for offering and selling securities in violation of the
23 Securities Act and Exchange Act. That sum constitutes an ill-
24 gotten gain that should be disgorged, along with prejudgment
25 interest of \$9,724.39 from October 31, 1994 through November 30,
26 1999, by Chedester. See S.E.C. v. First Pacific Bancorp., 142 F.3d
27 1186, 1192 (9th Cir. 1998), cert. denied sub nom., Sands v. S.E.C.,

1 use of the mails:

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

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

8 C. engaging in any transaction, practice, or course of
9 business which operates or would operate as a fraud or
10 deceit upon the purchaser.

11 IT IS FURTHER ORDERED that defendant Chedester, his
12 officers, agents, servants, employees and attorneys, and all
13 persons acting in concert or participation with him, who receive
14 actual notice of this Order by personal service or otherwise, and
15 each of them, are permanently restrained and enjoined from,
16 directly or indirectly, violating Section 10(b) of the Exchange Act
17 [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. §
18 240.10b-5] by the use of any means or instrumentality of interstate
19 commerce, or of the mails, or of any facility of any national
20 securities exchange:

21 D. employing any device, scheme, or artifice to defraud;

22 E. making any untrue statement of a material fact or
23 omitting to state a material fact necessary in order to
24 make the statements made, in the light of the
25 circumstances under which they were made, not
26 misleading; or

27 F. engaging in any act, practice, or course of business

1 which operates or would operate as a fraud or deceit upon
2 any person, in connection with the purchase or sale of
3 any security.

4 IT IS FURTHER ORDERED that defendant Chedester, his
5 officers, agents, servants, employees and attorneys, and all
6 persons acting in concert or participation with him, who receive
7 actual notice of this Order by personal service or otherwise, and
8 each of them, are permanently restrained and enjoined from,
9 directly or indirectly, violating Section 15(a) of the Exchange Act
10 [15 U.S.C. § 78o(a)] to make use of the mails or any means or
11 instrumentality of interstate commerce as a broker or dealer so as
12 to effect any transaction in, or to induce or attempt to induce the
13 purchase or sale of any security (other than an exempted security
14 or commercial paper, bankers' acceptances or commercial bills)
15 unless registered in accordance with Section 15(b) of the Exchange
16 Act.

17 III.

18 This Court shall retain jurisdiction over this action for
19 the purpose of implementing and carrying out the terms of all
20 orders and decrees which may be entered herein and to entertain any
21 suitable application or motion, by the parties, within the
22 jurisdiction of this Court.

23
24 DATED: 4/28, 2000


Eastern District of California

United States District Court
for the
Eastern District of California
May 5, 2000

* * CERTIFICATE OF SERVICE * *

2:96-cv-01716

SEC

v.

Edwards

I, the undersigned, hereby certify that I am an employee in the Office of the Clerk, U.S. District Court, Eastern District of California.

That on May 5, 2000, I SERVED a true and correct copy(ies) of the attached, by placing said copy(ies) in a postage paid envelope addressed to the person(s) hereinafter listed, by depositing said envelope in the U.S. Mail, by placing said copy(ies) into an inter-office delivery receptacle located in the Clerk's office, or, pursuant to prior authorization by counsel, via facsimile.

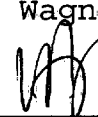
Kenneth E Edwards
7056 La Cima Court
Citrus Heights, CA 95621

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11th Floor
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Jack L. Wagner, Clerk

BY: 
Deputy Clerk