

ORIGINAL

1
2
3
4
5
6
7

<input type="checkbox"/> FILED	<input checked="" type="checkbox"/> LODGED
<input type="checkbox"/> RECEIVED	<input type="checkbox"/> COPY
JUN 07 2000	
CLERK U S DISTRICT COURT	
DISTRICT OF ARIZONA	
BY	DEPUTY

<input checked="" type="checkbox"/> FILED	<input type="checkbox"/> LODGED
<input type="checkbox"/> RECEIVED	<input type="checkbox"/> COPY
JUN 14 2000	
CLERK U S DISTRICT COURT	
DISTRICT OF ARIZONA	
BY	DEPUTY

8 UNITED STATES DISTRICT COURT
9 DISTRICT OF ARIZONA

10
11 SECURITIES AND EXCHANGE
12 COMMISSION,

13 Plaintiff,

14 vs.

15 SOUTHWEST INCOME TRUST, et al.,

16 Defendants.

Case No. CIV97-0953 PHX RCB

FINAL JUDGMENT OF DISGORGEMENT
AGAINST DEFENDANT DONN KENNETH
PHILLIPS

17
18 Plaintiff Securities and Exchange Commission ("Commission"),
19 having filed and served upon Defendant Donn Kenneth Phillips
20 ("Phillips"), a Summons and Complaint in this matter, and the Court
21 having entered on or about November 5, 1997, a Judgment of Permanent
22 Injunction and Other Relief Against Defendant Donn Kenneth Phillips
23 ("Judgment of Permanent Injunction"), enjoining Phillips from
24 further violations of Sections 5(a), 5(c), and 17(a) of the
25 Securities Act of 1933 ("Securities Act") [15 U.S.C. Sections
26 77e(a), 77e(c), and 77q(a)], Section 10(b) of the Securities
27 Exchange Act of 1934 ("Exchange Act") [15 U.S.C. Section 78j(b)])]
28 and Rule 10b-5 thereunder [17 C.F.R. Section 240.10b-5], to which

120

1 Phillips consented, without admitting or denying the allegations of
2 the Commission's Complaint, and that Judgment of Permanent
3 Injunction having reserved the issue of the amount of disgorgement
4 and penalties owed by Phillips;

5 Further, Phillips having admitted service of the Summons and
6 Complaint in this action and the jurisdiction of this Court over him
7 and over the subject matter of this action; having been fully
8 advised and informed of his right to a judicial determination of
9 this matter; having waived the entry of findings of fact and
10 conclusions of law as provided by Rule 52 of the Federal Rules of
11 Civil Procedure; having consented to the entry of this Final
12 Judgment of Disgorgement Against Defendant Donn Kenneth Phillips
13 ("Final Judgment of Disgorgement"), without admitting or denying the
14 allegations in the Complaint, except as specifically set forth in
15 the Consent of Defendant Donn Kenneth Phillips to Entry of Final
16 Judgment of Disgorgement ("Consent"); and it appearing that no
17 notice of hearing upon the entry of this Final Judgment of
18 Disgorgement being necessary; and the Court being fully advised in
19 the premises, and there being no just reason for delay:

20 I.

21 IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Phillips shall
22 pay disgorgement in the amount of \$3,110.00, representing the amount
23 he gained from the conduct alleged in the Complaint, plus
24 prejudgment interest thereon in the amount of \$241.10, totaling
25 \$3,351.10. Based upon Phillips' sworn representations in his
26 financial statements, which was completed in or about January 2000
27 and subsequently submitted to the Commission, payment of the
28 disgorgement and prejudgment interest thereon is waived as to

1 Phillips, contingent upon the accuracy and completeness of his
2 financial statement.

3 II.

4 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that based upon
5 Phillips' sworn financial statement, the Court is not ordering
6 Phillips to pay a civil penalty under the Securities Enforcement and
7 Penny Stock Reform Act of 1990 pursuant to Section 20(d) of the
8 Securities Act [15 U.S.C. Section 77t(d)] and Section 21(d)(3) of
9 the Exchange Act [15 U.S.C. Section 78(d)(3)]. The determination
10 not to impose a civil penalty against Phillips is contingent upon
11 the accuracy and completeness of Phillips' financial statement.

12 III.

13 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that if at any time
14 following the entry of this Final Judgment of Disgorgement the
15 Commission obtains information indicating that Phillips'
16 representations in the sworn financial statement concerning his
17 assets, income, liabilities, or net worth were fraudulent,
18 misleading, inaccurate or incomplete in any material respect as of
19 the time such representations were made, the Commission may, at its
20 sole discretion and without prior notice to Phillips, petition this
21 Court for an order requiring Phillips to pay the full amount of
22 disgorgement and prejudgment and post-judgment interest thereon and
23 requiring Phillips to pay a civil penalty. In connection with any
24 such petition, the only issue shall be whether the financial
25 statement provided by Phillips was fraudulent, misleading,
26 inaccurate or incomplete in any material respect as of the time such
27 representations were made, and the amount of civil penalty to be
28 imposed against Phillips. In its petition, the Commission may move

1 this Court to consider all available remedies, including, but not
2 limited to, ordering Phillips to pay funds or assets, directing the
3 forfeiture of any assets, or sanctions for contempt of the Final
4 Judgment of Disgorgement, and the Commission may also request
5 additional discovery. Phillips may not, by way of defense to such
6 petition, challenge the validity of the Consent or this Final
7 Judgment of Disgorgement, contest the allegations in the Complaint
8 filed by the Commission, the amount of disgorgement and interest, or
9 assert that disgorgement or the payment of a civil penalty should
10 not be ordered.

11 IV.

12 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the provisions
13 of the Consent filed concurrently with the Final Judgment of
14 Disgorgement are incorporated herein with the same force and effect
15 as if fully set forth herein and that Phillips shall comply with
16 this Consent.

17 V.

18 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court
19 shall retain jurisdiction over this action for all purposes
20 including determining the liability of any remaining defendants in
21 this action, implementing and enforcing the terms of this Final
22 Judgment of Disgorgement and all other orders and decrees which have
23 been and may be entered herein, to resolve the Commission's pending
24 claims for disgorgement, prejudgment interest and civil penalties as
25 appropriate, to entertain any suitable application or motion for
26 additional relief within the jurisdiction of this Court, and to
27 grant such other relief as the Court may deem necessary and just.

28 * * * * *

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

DATED this 12 day of June, 2000

United States District Judge