

1 ELAINE M. CACHERIS, Cal. Bar No. 101605  
2 SANDRA J. HARRIS, Cal. Bar No. 134153  
3 GREGORY C. GLYNN, Cal. Bar No. 039999  
4 KATHLEEN K. BISACCIA, Cal. Bar No. 157324

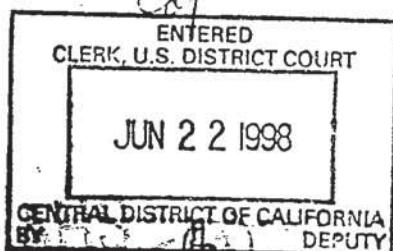
4 Attorneys for Plaintiff  
5 Securities and Exchange Commission  
5670 Wilshire Boulevard, 11th Floor  
6 Los Angeles, California 90036-3648  
6 (213) 965-3998  
7 (213) 965-3908 Fax

FILED  
U.S. DISTRICT COURT

JUN 19 1998

8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA  
WESTERN DIVISION



SECURITIES AND EXCHANGE COMMISSION  
Plaintiff,  
vs.  
BRUCE K. BAUMANN,  
Defendant.

Case No. C198-478  
[PROPOSED] FINAL JUDGMENT OF  
PERMANENT INJUNCTION AND OTHER  
RELIEF AGAINST BRUCE K. BAUMANN

Plaintiff Securities and Exchange Commission ("Commission"), having filed and served upon Defendant Bruce K. Baumann ("Baumann") a Summons and Complaint in this matter and Defendant Gillette 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; having been fully advised and informed of his rights to a judicial determination of this matter; having waived the entry of findings of fact and conclusions of law as provided by Rule 52 of the Federal Rules of Civil Procedure; having consented to the entry of this Final Judgment of Permanent Injunction and Other Relief Against Defendant John W. Baumann, Jr.

..... Docketed  
..... Mld copy Prys  
..... Mld Notice Prys  
..... JS-6

JUN 22 1998

6/22/98  
FINAL JUDGMENT  
ENTERED ON 10/13/98

1 ("Final Judgment") without admitting or denying the allegations in  
2 the Complaint, except as specifically set forth in the Consent of  
3 Defendant John W. Baumann, Jr. to Entry of Final Judgment of  
4 Permanent Injunction and Other Relief ("Consent"); and it appearing  
5 that no notice of hearing upon the entry of this Final Judgment  
6 being necessary; and the Court being fully advised in the premises,  
7 and there being no just reason for delay:

I.

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

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

18 B. obtaining money or property by means of any untrue  
19 statement of a material fact or any omission to state a material  
20 fact necessary in order to make the statements made, in the light of  
21 the circumstances under which they were made, not misleading; or

22       C.   engaging in any transaction, practice, or course of  
23 business which operates or would operate as a fraud or deceit upon  
24 the purchaser; in violation of Section 17(a) of the Securities Act  
25 of 1933, as amended. ("Securities Act") [15 U.S.C. § 77g(a)].

26 \*

27 \*

28 \*

1

II.

2 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant  
3 Baumann and his agents, servants, employees and attorneys, and all  
4 persons in active concert or participation with any of them, who  
5 receive actual notice of this Final Judgment, by personal service or  
6 otherwise, and each of them, are permanently restrained and enjoined  
7 from, directly or indirectly, by the use of any means or  
8 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  
12 omitting to state a material fact necessary in order to make the  
13 statements made, in the light of the circumstances under which they  
14 were made, not misleading; or

15 C. engaging in any act, practice, or course of business  
16 which operates or would operate as a fraud or deceit upon any  
17 person, in connection with the purchase or sale of any security;  
18 in violation of Section 10(b) of the Securities Exchange Act of  
19 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder  
20 [17 C.F.R. § 240.10b-5].

21

III.

22 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Defendant  
23 Baumann and his agents, servants, employees and attorneys, and all  
24 persons in active concert or participation with any of them, who  
25 receive actual notice of this Final Judgment, by personal service or  
26 otherwise, and each of them, are permanently restrained and enjoined  
27 from making use of the mails or any means or instrumentality of  
28 interstate commerce to effect any transactions in, or to induce or

1 attempt to induce the purchase or sale of, any security (other than  
2 an exempted security or commercial paper, banker's acceptances, or  
3 commercial bills) without being registered as a broker or dealer  
4 pursuant to Section 15(b) of the Exchange Act [15 U.S.C. §78o(b)],  
5 in violation of Section 15(a)(1) of the Exchange Act [15 U.S.C. §  
6 78o(a)(1)].

7 IV.

8 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that  
9 Defendant Baumann shall be liable for disgorgement of the ill-gotten  
10 gain resulting from his violations, in the amount of \$12,000.00,  
11 together with pre-judgment interest thereon, but shall pay only  
12 \$4,300 based on his sworn representations in his Statement of  
13 Financial Condition dated March 18, 1998, and submitted to the  
14 Commission. Baumann shall pay the \$4,300 within thirty days of the  
15 entry of this Order. Such payment shall be: (A) made by United  
16 States postal money order, certified check, bank cashier's check, or  
17 bank money order; (B) made payable to the Securities and Exchange  
18 Commission; (C) hand delivered or by overnight courier to the  
19 Comptroller, Securities and Exchange Commission, Operations Center,  
20 6432 General Green Way, Stop 0-3, Alexandria, Virginia 22313; and  
21 (D) submitted under cover letter that identifies Baumann as a  
22 Defendant in this action, the Court's file number in this action, a  
23 copy of which letter and money order or check shall be sent to  
24 Kathleen K. Bisaccia, Securities and Exchange Commission, Pacific  
25 Regional Office, 5670 Wilshire Blvd. 11th Floor, Los Angeles,  
26 California 90036.

27 \*  
28 \*

2 | IT IS FURTHER ORDERED, ADJUDGED AND DECREED that based upon  
3 | Baumann's sworn representations in his Statement of Financial  
4 | Condition dated March 18, 1998, and submitted to the Commission, the  
5 | Court is not ordering him to pay a civil penalty pursuant to the  
6 | Securities Enforcement Remedies and Penny Stock Reform Act of 1990.  
7 | The determination not to impose a civil penalty and to waive payment  
8 | of all but \$4,300 of the disgorgement and prejudgment interest  
9 | thereon is contingent upon the accuracy and completeness of  
10 | Baumann's Statement of Financial Condition. If at any time  
11 | following the entry of this Final Judgment the Commission obtains  
12 | information indicating that Baumann's representations to the  
13 | Commission concerning his assets, income, liabilities, or net worth  
14 | were fraudulent, misleading, inaccurate or incomplete in any  
15 | material respect as of the time such representations were made, the  
16 | Commission may, at its sole discretion and without prior notice to  
17 | Baumann, petition the Court for an order requiring Baumann to pay  
18 | the remaining portion of the disgorgement, pre-judgment and post-  
19 | judgment interest thereon, and a civil penalty. In connection with  
20 | any such petition, the only issues shall be whether the financial  
21 | information provided by Baumann was fraudulent, misleading,  
22 | inaccurate or incomplete in any material respect as of the time such  
23 | representations were made, and the amount of civil penalty to be  
24 | imposed. In its petition, the Commission may move this Court to  
25 | consider all available remedies, including, but not limited to,  
26 | ordering Baumann to pay funds or assets, directing the forfeiture of  
27 | any assets, or sanctions for contempt of the Court's Final Judgment,  
28 | and the Commission may also request additional discovery. Baumann

1 may not, by way of defense to such petition, challenge the validity  
2 of this Consent or the Final Judgment, contest the allegations in  
3 the Complaint filed by the Commission, the amount of disgorgement  
4 and interest, or assert that disgorgement or payment of a civil  
5 penalty should not be ordered.

6 VI.

7 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the provisions  
8 of the Consent filed concurrently with this Final Judgment are  
9 incorporated herein with the same force and effect as if fully set  
10 forth herein and that Baumann shall comply with his Consent.

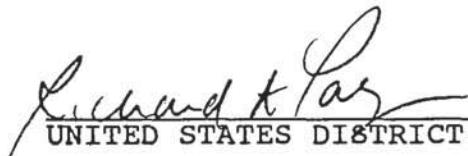
11 VII.

12 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court  
13 shall retain jurisdiction over this action to implement and enforce  
14 the terms of the Final Judgment and other decrees that may be  
15 entered herein and to grant such other relief as the Court may deem  
16 necessary and just.

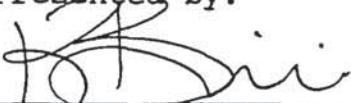
17 \* \* \* \* \*

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

21  
22 Dated: June 19, 98

  
Richard T. Faris  
UNITED STATES DISTRICT JUDGE

23  
24 Presented by:

25   
26 Kathleen K. Bisaccia  
27 Attorney for Plaintiff  
28 Securities and Exchange  
Commission