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FILED
CLERK, U.S. DISTRICT COURT
AUG 10 1999
CENTRAL DISTRICT OF CALIFORNIA
DEPUTY

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CLERK, U.S. DISTRICT COURT
AUG 9 1999
2:30 PM
CENTRAL DISTRICT OF CALIFORNIA
DEPUTY

ENTERED
CLERK, U.S. DISTRICT COURT
AUG 12 1999
CENTRAL DISTRICT OF CALIFORNIA
DEPUTY

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
WESTERN DIVISION

11 SECURITIES AND EXCHANGE COMMISSION,
12 Plaintiff,
13 vs.
14 ENVIRONMENTAL ENERGY, INC.;
15 ENVIRONMENTAL OPERATING, INC.;
16 IRVINE SECURITIES, INC.; LARRY R.
17 CROWDER; JOHN R. POWELL; CHRISTIAN
18 R. HIGGINS; CHARLES L. POWELL; JAMES
19 P. GALLAHER; DALE J. ENGELHARDT; and
20 TREY L. FRIEDMANN,
21 Defendants.

Case No. 98-6060 CM (BQRx)
FINAL JUDGMENT OF PERMANENT
INJUNCTION AND OTHER RELIEF
AGAINST DEFENDANT DALE J.
ENGELHARDT

By _____
DEPUTY CLERK TRINA WASHINGTON
AUG 12 1999

22 Plaintiff Securities and Exchange Commission ("Commission"),
23 having filed and served upon Defendant Dale J. Engelhardt
24 ("Engelhardt") a Summons and Complaint in this matter and Engelhardt
25 having admitted service upon him of the Summons and Complaint in
26 this action and the jurisdiction of this Court over him and over the
27 subject matter of this action; having been fully advised and

28 informed of his rights to a judicial determination of this matter;

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1 having waived the entry of findings of fact and conclusions of law
2 as provided by Rule 52 of the Federal Rules of Civil Procedure;
3 having consented to the entry of this Final Judgment of Permanent
4 Injunction and Other Relief Against Defendant Dale J. Engelhardt
5 ("Final Judgment") without admitting or denying the allegations in
6 the Complaint, except as specifically set forth in the Consent of
7 Defendant Dale J. Engelhardt to Entry of Final Judgment of Permanent
8 Injunction and Other Relief ("Consent"); and it appearing that no
9 notice of hearing upon the entry of this Final Judgment being
10 necessary; and the Court being fully advised in the premises, and
11 there being no just reason for delay:

12 I.

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

- 21 a) employing any device, scheme or artifice to defraud;
- 22 b) obtaining money or property by means of any untrue
23 statement of a material fact or any omission to state a
24 material fact necessary in order to make the statements
25 made, in the light of the circumstances under which they
26 were made, not misleading; or

1 c) engaging in any transaction, practice, or course of
2 business which operates or would operate as a fraud or
3 deceit upon the purchaser;

4 in violation of Section 17(a) of the Securities Act of 1933 [15
5 U.S.C. § 77q(a)].

6 II.

7 IT IS ORDERED, ADJUDGED AND DECREED that Engelhardt and his agents,
8 servants, employees and attorneys, and all persons in active concert
9 or participation with any of them, who receive actual notice of this
10 Final Judgment by personal service or otherwise, and each of them,
11 are permanently restrained and enjoined from, directly or
12 indirectly, in connection with the purchase or sale of any security,
13 by the use of any means or instrumentality of interstate commerce,
14 or of the mails, or of any facility of any national securities
15 exchange:

- 16 A. employing any device, scheme, or artifice to defraud;
- 17 B. making any untrue statement of a material fact or
18 omitting to state a material fact necessary in order to
19 make the statements made, in the light of the
20 circumstances under which they were made, not misleading;
21 or
- 22 C. engaging in any act, practice, or course of business
23 which operates or would operate as a fraud or deceit upon
24 any person;

25 in violation of Section 10(b) of the Securities Exchange Act of 1934
26 [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5].

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III.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that based upon Engelhardt's sworn financial statement, the Court is not ordering Engelhardt to pay a civil penalty under the Securities Enforcement and Penny Stock Reform Act of 1990 pursuant to Section 20(d) of the Securities Act and Section 21(d)(3) of the Exchange Act. The determination not to impose a civil penalty against Engelhardt is contingent upon the accuracy and completeness of Engelhardt's financial statement.

IV.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that if at any time following the entry of this Final Judgment the Commission obtains information indicating that Engelhardt's representations in the sworn financial statement concerning its assets, income, liabilities, or net worth were fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such representations were made, the Commission may, at its sole discretion and without prior notice to Engelhardt, petition this Court for an order requiring Engelhardt to pay a civil penalty. In connection with any such petition, the only issue shall be whether the financial statement provided by Engelhardt was fraudulent, misleading, inaccurate or incomplete in any material respect as of the time such representations were made, and the amount of civil penalty to be imposed against Engelhardt. In its petition, the Commission may move this Court to consider all available remedies, including, but not limited to, ordering Engelhardt to pay funds or assets, directing the forfeiture of any assets, or sanctions for contempt of the Final Judgment, and the Commission may also request

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

6 V.

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 Engelhardt shall comply with his Consent.

11 VI.

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 DATED: 8/10/, 1999

CARLOS R. MORENO
UNITED STATES DISTRICT JUDGE

PROOF OF SERVICE BY MAIL

1
2 I, Magnolia M. Marcelo, declare that I am, and was at the time
3 of service of the papers herein referred to, over the age of
4 eighteen (18) years and not a party to the within action. My
5 business address is 5670 Wilshire Boulevard, 11th Floor, Los
6 Angeles, California 90036, which is located in the county in which
7 the within-mentioned mailing occurred. I am readily familiar with
8 the practice at my place of business for the collection and
9 processing of correspondence for mailing with the United States
10 Postal Service. Such correspondence is deposited with the United
11 States Postal Service on the same day in the ordinary course of
12 business.

13 On August 9, 1999, I served the following document entitled
14 **FINAL JUDGMENT OF PERMANENT INJUNCTION AND OTHER RELIEF AGAINST**
15 **DEFENDANT DALE J. ENGELHARDT** by placing a true and correct copies in
16 a separate envelope for each addressee named below, with the name
17 and address of the person served shown on the envelope as follows:

18
19 **SEE ATTACHED SERVICE LIST**
20

21 and by sealing the envelope and placing it in the appropriate
22 location at my place of business for collection and mailing with
23 postage fully prepaid in accordance with ordinary business practice.

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I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct and that I am employed in the office of a member of the bar of this Court at whose direction the service was made.

Executed on August 9, 1999, at Los Angeles, California.

Magnolia M. Marcelo
Print or Type Name

Magnoli M. Marcelo
Signature

SEC v. ENVIRONMENTAL ENERGY, INC., et al.

Case No. 98-6060 CM (BQRx)
(LA-849)

Service List

6	David Grey, Esq. David Grey & Associates 8001 Irvine Drive, Suite 1040 Irvine, CA 92618 (714) 753-0414 (714) 753-0464 (fax)	Counsel for Defendants Environmental Energy, Inc. Environmental Operating, Inc. and Larry Crowder Co-Counsel for Defendants John Powell, Christian Higgins, Charles Powell, James Gallaher, and Dale Engelhardt
9		Co-Counsel for Defendant Irvine Securities, Inc.
13	Alvin L. Fishman, Esq. Tesler, Sandmann & Fishman 250 Montgomery Street, Suite 500 San Francisco, CA 94104 (415) 781-5600 (415) 781-4224 (fax)	Co-Counsel for Defendants John Powell, Christian Higgins, Charles Powell, James Gallaher, and Dale Engelhardt
16		Co-Counsel for Defendant Irvine Securities, Inc.
18	Bruce Bridgman, Esq. Diana Richards, Esq. Bridgman, Mordkin & Shapiro 17050 Bushard Street, Suite 200 Fountain Valley, CA 92708 (714) 963-5486 (714) 964-1328 (fax)	Counsel for Trey Friedmann

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