

1 SANDRA J. HARRIS, Cal. Bar # 134153
2 WILLIAM E. WHITE, Cal. Bar # 155617
2 RENEE M. LEE, Cal. Bar # 156012

3 Attorneys for Plaintiff
4 Securities and Exchange Commission
5 Valerie Caproni, Regional Director
5670 Wilshire Boulevard, 11th Floor
Los Angeles, California 90036-3648
Phone: (323) 965-3998
Fax: (323) 965-3908

10 PH 1:54
11 99 MAR 3 1999
12 CLERK, U.S. DISTRICT COURT
13 FOR THE CENTRAL DISTRICT OF CALIFORNIA
14 SECURITIES AND EXCHANGE COMMISSION,
15 Plaintiff,
16 RYNELL & ASSOCIATES, INC.,
17 LENGURNAL, INC., FIRST PARAGON,
18 INC., MOVIE MANAGEMENT SERVICES,
19 INC., DAVID L. BURNELL, J. ERIC
20 RYMLAND and DANIEL B. RUNG,
21 Defendants.

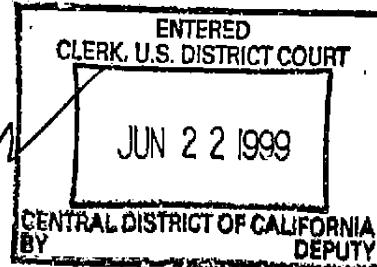
UNITED STATES DISTRICT COURT

FOR THE CENTRAL DISTRICT OF CALIFORNIA

WESTERN DIVISION

Case No. CV 98-6508 WMB (CWx)

[Proposed] FINAL JUDGMENT
AGAINST DEFENDANTS RYNELL &
ASSOCIATES, INC., LENGURNAL,
INC., MOVIE MANAGEMENT
SERVICES, INC., DAVID L.
BURNELL AND DANIEL B. RUNG



FINAL JUDGMENT AGAINST DEFENDANTS RYNELL & ASSOCIATES, INC.,

LENGURNAL, INC., MOVIE MANAGEMENT SERVICES, INC., DAVID L. BURNELL
AND DANIEL B. RUNG

WHEREAS:

1. On March 31, 1999, Plaintiff Securities and Exchange
Commission (the "Commission") served its motion for summary judgment
against defendants Rynell & Associates, Inc., Lengurnal, Inc., Movie
Management Services Inc., David L. Burnell and Daniel B. Rung
pursuant to Fed. R. Civ. P. 56.

2. The Court, having considered the Commission's Statement of

..... DOCKETED
P.C. MLD COPY PTYS FINAL JUDGMENT
..... MLD NOTICE PTYS

1 Uncontroverted Facts and Conclusions of Law, Memorandum of Points
2 and Authorities, the Appendix of Declaration and Exhibits and all
3 other evidence, memoranda and arguments presented in favor of and in
4 opposition to the Commission's motion.

5 NOW THEREFORE, it is hereby ordered:

6 I.

7 The Commission's motion for summary judgment against defendants
8 Rynell & Associates, Inc., Lengurnal, Inc., Movie Management
9 Services Inc., David L. Burnell and Daniel B. Rung is GRANTED.

10 II.

11 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendants
12 Rynell & Associates, Inc., Lengurnal, Inc. and David L. Burnell and
13 Daniel B. Rung and their officers, agents, servants, employees, and
14 attorneys, and all persons in active concert or participation with
15 any of them, who receive actual notice of this Final Judgment by
16 personal service or otherwise, and each of them, are permanently
17 restrained and enjoined from, directly or indirectly, in the absence
18 of any applicable exemption:

19 A. making use of any means or instruments of transportation
20 or communication in interstate commerce or of the mails to
21 sell a security through the use or medium of any
22 prospectus or otherwise; or

23 B. carrying or causing to be carried through the mails or in
24 interstate commerce, by any means or instrument of
25 transportation, any security for the purpose of sale or
26 delivery after sale;

27 unless a registration statement is in effect, in violation of
28 Section 5(a) of the Securities Act of 1933 ("Securities Act") [15

1 U.S.C. §§ 77e(a)].

2 III.

3 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendants
4 Rynell & Associates, Inc., Lengurnal, Inc., David L. Burnell and
5 Daniel B. Rung and their officers, agents, servants, employees, and
6 attorneys, and all persons in active concert or participation with
7 any of them, who receive actual notice of this Final Judgment by
8 personal service or otherwise, and each of them, are permanently
9 restrained and enjoined from, directly or indirectly, in the absence
10 of any applicable exemption, making use of any means or instruments
11 of transportation or communication in interstate commerce or of the
12 mails to offer to sell or offer to buy through the use or medium of
13 any prospectus or otherwise any security, unless a registration
14 statement has been filed as to such security, or while the
15 registration statement is the subject of a refusal order or stop
16 order or (prior to the effective date of the registration statement)
17 any public proceeding or examination under Section 8 of the
18 Securities Act, in violation of Section 5(c) of the Securities Act
19 [15 U.S.C. §§ 77e(c)].

20 IV.

21 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendants
22 Rynell & Associates, Inc., Lengurnal, Inc., Movie Management
23 Services Inc., David L. Burnell and Daniel B. Rung and their
24 officers, agents, servants, employees, and attorneys, and all
25 persons in active concert or participation with any of them, who
26 receive actual notice of this Final Judgment by personal service or
27 otherwise, and each of them, are permanently restrained and enjoined
28 from, directly or indirectly, in connection with the offer or sale

1 of the security, by the use of any means or instruments of
2 transportation or communication in interstate commerce or by the use
3 of the mails:

- 4 A. employing any device, scheme, or artifice to defraud;
- 5 B. obtaining money or property by means of any untrue
6 statement of a material fact or by omitting to state a
7 material fact necessary in order to make the statements
8 made, in the light of the circumstances under which they
9 were made, not misleading; or
- 10 C. engaging in any transaction, practice, or course of
11 business which operates or would operate as a fraud or
12 deceit upon the purchaser;

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

15 V.

16 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendants
17 Rynell & Associates, Inc., Lengurnal, Inc., Movie Management
18 Services Inc., David L. Burnell and Daniel B. Rung and their agents,
19 servants, employees and attorneys, and all persons in active concert
20 or participation with any of them, who receive actual notice of this
21 Final Judgment by personal service or otherwise, and each of them,
22 are permanently restrained and enjoined from, directly or
23 indirectly, in connection with the purchase or sale of any security,
24 by the use of any means or instrumentality of interstate commerce,
25 or of the mails, or of any facility of any national securities
26 exchange:

- 27 A. employing any device, scheme, or artifice to defraud;
- 28 B. making any untrue statement of material fact or omitting

1 to state a material fact necessary in order to make the
2 statements made, in the light of the circumstances under
3 which they were made, not misleading; or

4 C. engaging in any act, practice, or course of business which
5 operates or would operate as a fraud or deceit upon any
6 person;

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

10 VI.

11 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendants
12 Rynell & Associates, Inc., Lengurnal, Inc. and David L. Burnell and
13 their agents, servants, employees and attorneys, and all persons in
14 active concert or participation with any of them, who receive actual
15 notice of this Final Judgment by personal service or otherwise, and
16 each of them, are permanently restrained and enjoined from, directly
17 or indirectly, making use of the mails or any means or
18 instrumentality of interstate commerce to effect any transaction in,
19 or to induce or attempt to induce the purchase or sale of, any
20 security (other than an exempted security or commercial paper,
21 bankers' acceptances, or commercial bills) unless and until becoming
22 registered in accordance with Section 15(b) of the Exchange Act [15
23 U.S.C. § 78o(b)] in violation of Section 15(a)(1) of the Exchange
24 Act [15 U.S.C. § 78o(a)(1)].

25 VII.

26 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that defendants
27 Rynell & Associates, Inc., Lengurnal, Inc., Movie Management
28 Services Inc., David L. Burnell and Daniel B. Rung pay disgorgement

1 in the amount of \$7,697,105.40, plus prejudgment interest thereon in
2 the amount of \$519,385.11 calculated as of February 28, 1999 and
3 \$1,216.14 for each day thereafter, prior to entry of the final
4 judgment, compounded on an annual basis; that Rynell & Associates,
5 Inc., Lengurnal, Inc., Movie Management Services Inc., David L.
6 Burnell and Daniel B. Rung are each jointly and severally liable for
7 the payment of the disgorgement and prejudgment interest amounts;
8 and that each of Rynell & Associates, Inc., Lengurnal, Inc. and
9 Movie Management Services Inc. pay civil penalties in the amount of
10 \$550,000 and that each of David L. Burnell and Daniel B. Rung pay
11 civil penalties in the amount of \$110,000. Defendants Rynell &
12 Associates, Inc., Lengurnal, Inc., Movie Management Services Inc.,
13 David L. Burnell and Daniel B. Rung shall pay this disgorgement,
14 prejudgment interest and civil penalties by cashier's check,
15 certified check or postal money order within thirty (30) days of
16 entry of this Final Judgment. This disgorgement, interest and civil
17 penalties payment shall be made payable to the United States
18 Securities and Exchange Commission, and shall be transmitted to the
19 Comptroller, Securities and Exchange Commission, 6432 General Green
20 Way, Suite B, Mail Stop 0-3, Alexandria, Virginia 22312; under cover
21 of a letter that identifies the defendants, the name and case number
22 of this litigation, and the court. A copy of the cover letter shall
23 be simultaneously transmitted to counsel for the Commission in this
24 action at its Los Angeles, California office.

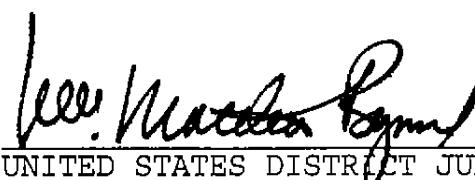
VIII.

26 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court
27 shall retain jurisdiction over this action for the purposes of
28 determining, implementing and carrying out the terms of this Final

1 Judgment and all other orders and decrees that may be entered
2 herein, and to granting such other relief as the Court may deem
3 necessary and just.

4 There being no just reason for delay, the Clerk of the Court is
5 hereby directed to enter this Final Judgment forthwith.

6
7 DATED: June 21, 1999


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

10 UNITED STATES DISTRICT JUDGE

1 PROOF OF SERVICE BY MAIL

2 I, Magnolia M. Marcelo, declare that I am over the age of
3 eighteen (18) years, am not a party to this action, and am a citizen
4 of the United States. My business address is 5670 Wilshire
5 Boulevard, 11th Floor, Los Angeles, California 90036. On March 31,
6 1999, I served the following document entitled **[Proposed] FINAL**
7 **JUDGMENT AGAINST DEFENDANTS RYNELL & ASSOCIATES, INC., LENGURNAL,**
8 **INC., MOVIE MANAGEMENT SERVICES, INC., DAVID L. BURNELL AND DANIEL**
9 **B. RUNG** by causing to be mailed true and correct copies thereof in
10 sealed envelope, postage prepaid, addressed to:

11

12 Jeffrey Bradpiece, Esq.
13 23440 Hawthorne Boulevard
14 Suite 120
15 Torrance, CA 90505

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

20
21 Executed on March 31, 1999, at Los Angeles, California.

22
23
24
25
26
27
28

Magnolia M. Marcelo
Print or Type Name

Magnolia M. Marcelo
Signature