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**UNITED STATES DISTRICT COURT  
 FOR THE CENTRAL DISTRICT OF CALIFORNIA**

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SECURITIES AND EXCHANGE  
 COMMISSION,

Plaintiff,

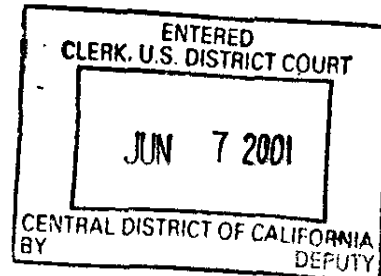
vs.

REED E. SLATKIN,

Defendant.

Case No. CV-01-04283 <sup>RSWL</sup> (AIJx)

**[PROPOSED] JUDGMENT OF  
 PERMANENT INJUNCTION AND  
 OTHER RELIEF AGAINST  
 DEFENDANT REED E. SLATKIN**



THIS CONSTITUTES NOTICE OF ENTRY  
 AS REQUIRED BY FRCP, RULE 77(d).

✓ Docketed  
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 U.S. DISTRICT COURT  
 CENTRAL DIST. OF CALIF.  
 LOS ANGELES

1 Plaintiff Securities and Exchange Commission (the "Commission"), having filed  
2 and served upon Defendant Reed E. Slatkin ("Slatkin") a Summons and Complaint in  
3 this action; Slatkin having admitted service upon him of the Summons and Complaint  
4 in this action and the jurisdiction of this Court over him and over the subject matter of  
5 this action; having been fully advised and informed of his right to a judicial  
6 determination of this matter; having waived the entry of findings of fact and  
7 conclusions of law as provided by Rule 52 of the Federal Rules of Civil Procedure;  
8 having consented to the entry of this Judgment of Permanent Injunction and Other  
9 Relief Against Defendant Reed E. Slatkin ("Judgment") without admitting or denying  
10 the allegations in the Complaint, except as specifically set forth in the Consent of  
11 Defendant Reed E. Slatkin to Entry of Judgment of Permanent Injunction and Other  
12 Relief ("Consent"); no notice of hearing upon the entry of this Judgment being  
13 necessary; and this Court being fully advised:

14 I.

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

- 22 A. employing any device, scheme or artifice to defraud;  
23 B. obtaining money or property by means of any untrue statement of a  
24 material fact or any omission to state a material fact necessary in order  
25 to make the statements made, in the light of the circumstances under  
26 which they were made, not misleading; or  
27 C. engaging in any transaction, practice, or course of business which  
28 operates or would operate as a fraud or deceit upon the purchaser;

1 in violation of Section 17(a) of the Securities Act of 1933 ("Securities Act"), 15 U.S.C.  
2 § 77q(a).

3 **II.**

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

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

12 B. making any untrue statement of a material fact or omitting to state a  
13 material fact necessary in order to make the statements made, in the  
14 light of the circumstances under which they were made, not misleading;  
15 or

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

18 in violation of Section 10(b) of the Securities Exchange Act of 1934 ("Exchange Act"),  
19 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 Slatkin  
23 and his officers, agents, servants, employees, attorneys, and all persons in active  
24 concert or participation with any of them, who receive actual notice of this Order by  
25 personal service or otherwise, and each of them, are permanently restrained and  
26 enjoined from, directly or indirectly, by the use of the mails or any means or  
27 instrumentality of interstate commerce in connection with engaging in the business of  
28 advising clients, for compensation, as to the value of securities and as to the

1 advisability of investing in, purchasing, or selling securities, and as such, acting as an  
2 investment adviser within the meaning of Section 202(a)(11) of the Investment  
3 Advisers Act of 1940 ("Advisers Act"), 15 U.S.C. § 80b-2(a)(11); in violation of  
4 Section 203(a) of the Advisers Act, 15 U.S.C. § 80b-3(a).

5 **IV.**

6 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Slatkin  
7 and his officers, agents, servants, employees, attorneys, and all persons in active  
8 concert or participation with any of them, who receive actual notice of this Judgment  
9 by personal service or otherwise, and each of them, are permanently restrained and  
10 enjoined from, by the use of the mails or any means or instrumentality of interstate  
11 commerce, directly or indirectly:

- 12 A. employing any device, scheme, or artifice to defraud any client or  
13 prospective client;  
14 B. engaging in any transaction, practice, or course of business which  
15 operates as a fraud or deceit upon any client or prospective client;  
16 in violation of Section 206(1) and (2) of the Advisers Act, 15 U.S.C. § 80b-6(1) and  
17 (2).

18 **V.**

19 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Slatkin shall  
20 pay full disgorgement in an amount subsequently to be agreed upon by both parties  
21 or to be determined by the Court, representing his gains from the conduct alleged in  
22 the Complaint, plus prejudgment interest thereon, for distribution upon further order  
23 of this Court. In connection with any hearing to determine the appropriate amount of  
24 disgorgement, Slatkin shall not raise as a defense that he is not liable for the  
25 payment of such disgorgement because he did not violate one or more of the  
26 provisions of the Securities Act, the Exchange Act and rules thereunder, and the  
27 Advisers Act set forth in the Judgment.

28 **VI.**

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Slatkin shall pay civil penalties pursuant to Section 20(d) of the Securities Act, 15 U.S.C. § 77t(d), Section 21(d)(3) of the Exchange Act, 15 U.S.C. § 78u(d)(3), and Section 209(e) of the Advisers Act, 15 U. S.C. § 80b-9(e), in an amount subsequently to be agreed upon by both parties or to be determined by the Court. In connection with any hearing to determine the appropriate amount of civil penalties, Slatkin shall not raise as a defense that he is not liable for the payment of such civil penalties because he did not violate one or more of the provisions of the Securities Act, the Exchange Act and rules thereunder, and the Advisers Act set forth in the Judgment.

## VII.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that, except as otherwise ordered by this Court, or until such time as Slatkin pays full disgorgement, an immediate freeze shall be placed on all monies and assets (with an allowance for necessary and reasonable living and medical expenses to be granted only upon good cause shown by application to the Court with notice to an opportunity for the Commission to be heard) in all accounts at any bank, financial institution or brokerage firm, all certificates of deposit, and other real property, funds or assets, held in the name of, for the benefit of, or over which account authority is held by Slatkin or any trust, partnership, joint venture, person or entity affiliated with him, including but not limited to, accounts and real property set forth below:

<u>Bank Name</u>	<u>Account Name</u>	<u>Account No.</u>
A.G. Edwards & Sons, Inc.	Reed Slatkin	428-129733
Banc of America Securities LLC	Reed Slatkin & Assoc.	110-12747
Banc of America Securities LLC	Reed Slatkin	207-00813
Banc of America Securities LLC	Reed Slatkin	208-00813
Banc of America Securities LLC	Reed Slatkin	209-00010
Banc of America Securities LLC	Reed Slatkin	209-00354
Banc of America Securities LLC	Reed Slatkin	714-00138
Banc of America Securities LLC	Reed Slatkin	801-01482
Credit Suisse First Boston	Reed E. Slatkin	212-081640
Credit Suisse First Boston	Reed Slatkin	212-086904
First Southwest Company	Reed Slatkin	73833415
First Southwest Company	Reed Slatkin(2)	73833439
Legg Mason Wood Walker, Inc.	Reed Slatkin	302-17392

1	Legg Mason Wood Walker, Inc.	Reed Slatkin	380-00530
	Lehman Brothers, Inc.	Reed Slatkin	832-23853
2	Merrill Lynch, Inc.	Reed E. Slatkin	236-71417
	Network Bank		715062
3	Pacific Century Bank		002304473
	Prudential Securities, Inc.	Reed Slatkin	EAS-062681
4	Prudential Securities, Inc.	Mr. Reed E. Slatkin	EQH-195193
	Prudential Securities, Inc.	Reed Slatkin	LEH-036098
5	Prudential Securities, Inc.	Reed Slatkin	LQR-940058
	Robertson Stephens, Inc.	Reed Slatkin	38000428
6	Salomon Smith Barney, Inc.	Reed E. Slatkin	401-00329
	Salomon Smith Barney, Inc.	Mr. Reed Slatkin	414-38533
7	S.G. Cowen Securities Corp.	Reed Slatkin	7767-1318
	S.G. Cowen Securities Corp.	Reed Slatkin	7767-1867
8	UBS Paine Webber, Inc.	Reed Slatkin	EI35708
	UBS Paine Webber, Inc.	Reed Slatkin	FF19822
9	UBS Paine Webber, Inc.	Reed Slatkin	I430038
	UBS Paine Webber, Inc.	Reed Slatkin	XQ04088
10	Union Bank of California		0630057574
	Union Bank of California		0630061598
11	Union Bank of California		0630057582
	Wedbush Morgan Securities	Reed Slatkin	7592-3016
12	Wedbush Morgan Securities	Reed Slatkin II	7592-3018
	Wedbush Morgan Securities	Reed Slatkin IRA SEP	7592-3017
13	Wells Fargo Bank		0664-201274
	Wells Fargo Bank		6664-024973
14	Wells Fargo Bank		0693-560492
	Wells Fargo Bank		6039-330162

# **REAL PROPERTY**

16	4480 Via Esperanza	Santa Barbara, California. 93111
17	4484 Via Esperanza	Santa Barbara, California. 93111
	890 North Kellogg Avenue,	Santa Barbara, California.
18	3125 Riley Road,	Solvang, California. 93463

Any actions taken by any Bankruptcy Trustee ("Trustee") appointed in the action In re Reed E. Slatkin, Bankruptcy Case No. ND 01-11549-RR, in the performance of the Trustee's official duties shall be exempt from the terms of this asset freeze.

## **VIII.**

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that, except as otherwise ordered by this Court, Slatkin and his officers, agents, servants, employees, attorneys, and all persons in active concert or participation with any of them, who receive actual notice of this Order by personal service or otherwise, and each of them, are permanently restrained and enjoined from, directly or indirectly:

1 destroying, mutilating, concealing, transferring, altering, or otherwise disposing of, in  
2 any manner, any documents, which includes all books, records, computer programs,  
3 computer files, computer printouts, correspondence, memoranda, brochures, or any  
4 other documents of any kind in their possession, custody or control, however created,  
5 produced, or stored (manually, mechanically, electronically, or otherwise), pertaining  
6 in any manner to defendant Slatkin.

7 **IX.**

8 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the  
9 representatives of the Commission are authorized to have continuing access to  
10 inspect or copy any or all of defendant Slatkin's books and records and other  
11 documents and continuing access to inspect his funds, property, assets and  
12 collateral, wherever it may be located.

13 **X.**

14 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Slatkin shall  
15 provide all documents in his possession, custody or control to the Commission and  
16 disclose under oath all information with respect to his activities and the activities of  
17 others about which the Commission or its staff may inquire or request. Such  
18 production of documents and disclosure of information by Slatkin shall be made upon  
19 reasonable notice in writing and without service of a subpoena and subject only to  
20 the good faith assertion of any privileges recognizable pursuant to the provisions of  
21 Rule 501 of the Federal Rules of Evidence or the United States Constitution and  
22 amendments thereto. Failure to comply with the foregoing will subject Slatkin to the  
23 remedies and sanctions set forth in Rule 37 of the Federal Rules of Civil Procedure  
24 and all other available remedies.

25 **XI.**

26 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Slatkin shall  
27 prepare and deliver to the Commission, within five (5) calendar days from the date of  
28 this Order, a detailed and complete schedule of all of his assets, foreign or domestic,



1 including the source of such assets. The accounting shall include assets held in the  
2 name of the defendant or any trust, partnership, joint venture, person or entity  
3 affiliated with the defendant. After completion of the accounting, Slatkin shall  
4 produce to the Commission, at a time agreeable to the Commission, all books,  
5 records and other documents supporting or underlying his accountings.

6 **XII.**

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

11 **XIII.**

12 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court shall  
13 retain jurisdiction over this action for all purposes, including, but not limited to,  
14 implementing and enforcing the terms of the Judgment and all other orders and  
15 decrees which have been and may be entered, resolving the Commission's pending  
16 claims for full disgorgement, plus prejudgment interest thereon, and civil penalties,  
17 and granting such other relief as this Court may deem necessary and just.

18 **XIV.**

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

22  
23 DATED: JUN - 6 2001

24  
25 RONALD S. W. LEW  
26 HONORABLE RONALD S.W. LEW  
27 UNITED STATES DISTRICT JUDGE  
28



**PROOF OF SERVICE**

I am over the age of 18 years and not a party to this action. My business address is:

☒ U.S. SECURITIES AND EXCHANGE COMMISSION, 5670 Wilshire  
Boulevard, 11<sup>th</sup> Floor, Los Angeles, California 90036.

Telephone: (323) 965-3998 Fax: (323) 965-3908

On May 31, 2001, I served the document entitled **[PROPOSED] JUDGMENT OF  
PERMANENT INJUNCTION AND OTHER RELIEF AGAINST DEFENDANT REED  
E. SLATKIN** upon the parties to this action addressed as stated on the attached  
service list:

☒ **OFFICE MAIL:** By placing in sealed envelope(s), which I placed for collection  
and mailing today following ordinary business practices. I am readily familiar  
with this firm's practice for collection and processing of correspondence for  
mailing; such correspondence would be deposited with the U.S. Postal Service  
on the same day in the ordinary course of business.

☐ **PERSONAL DEPOSIT IN MAIL:** By placing in sealed envelope(s),  
which I personally deposited with the U.S. Postal Service. Each such  
envelope was deposited with the U.S. Postal Service at Los Angeles,  
California, with first class postage thereon fully prepaid.

☐ **EXPRESS U.S. MAIL:** Each such envelope was deposited in a facility  
regularly maintained at the U.S. Postal Service for receipt of Express  
Mail at Los Angeles, California, with Express Mail postage paid.

☐ **HAND DELIVERY:** I caused to be hand delivered each such envelope to the  
office of the addressee.

☐ **FEDERAL EXPRESS:** By placing in sealed envelope(s) designated by  
Federal Express with delivery fees paid or provided for, which I deposited in a  
facility regularly maintained by Federal Express or delivered to a Federal  
Express courier, at Los Angeles, California.

☐ **FAX (BY AGREEMENT ONLY):** By transmitting the document by facsimile  
transmission. The transmission was reported as complete and without error.

☐ **(Federal)** I declare that I am employed in the office of a member of the bar of  
this Court, at whose direction the service was made. I declare under penalty  
of perjury that the foregoing is true and correct.

Date: May 31, 2001

Magnolia M. Marcelo  
MAGNOLIA M. MARCELO

**SEC v. REED E. SLATKIN**  
**United States District Court – Central District of California**  
**Case No. 01-4283 RSWL (MANx)**  
**(LA-1961)**

**SERVICE LIST**

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