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OCT 27 1997

CLERK U S DISTRICT COURT  
DISTRICT OF ARIZONA  
BY \_\_\_\_\_ DEPUTY

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CLERK U S DISTRICT COURT  
DISTRICT OF ARIZONA  
BY *[Signature]* DEPUTY

UNITED STATES DISTRICT COURT  
DISTRICT OF ARIZONA

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

vs.

SOUTHWEST INCOME TRUST, et al.

Defendants.

Case No. 97-953 PHX RCB

JUDGMENT OF PERMANENT  
INJUNCTION AND OTHER RELIEF  
AGAINST DEFENDANT DONN  
KENNETH PHILLIPS

Plaintiff Securities and Exchange Commission ("Commission"), having filed and served upon Defendant Donn Kenneth Phillips ("Phillips"), a Summons and Complaint in this matter and Phillips, 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 right 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 Judgment of Permanent Injunction and Other Relief Against Defendant Donn Kenneth Phillips ("Judgment") and without admitting

*[Handwritten initials]*

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1 or denying the allegations in the Complaint, except as specifically set forth in the  
2 Consent of Defendant Donn Kenneth Phillips to Entry of Judgment of Permanent  
3 Injunction and Other Relief ("Consent"); and it appearing that no notice of hearing  
4 upon the entry of this Judgment being necessary; and the Court being fully advised in  
5 the premises, and there being no just reason for delay:

6 I.

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

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

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

19 C. engaging in any transaction, practice, or course of business which  
20 operates or would operate as a fraud or deceit upon the purchaser;

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

22 II.

23 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Phillips and  
24 his agents, servants, employees and attorneys, and all persons in active concert or  
25 participation with any of them, who receive actual notice of this Judgment, by personal  
26 service or otherwise, and each of them, are permanently restrained and enjoined from,  
27 directly or indirectly, by the use of any means or instrumentality of interstate  
28 commerce, or of the mails, or of any facility of any national securities exchange:



1 V.

2 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court  
3 shall retain jurisdiction over this action for purposes of determining whether civil  
4 penalties will be assessed against Phillips pursuant to Section 20(d) of the Securities  
5 Act [15 U.S.C. § 77t(d)] and Section 21(d)(3) of the Exchange Act [15 U.S.C. §  
6 78u(d)(3)] as appropriate. In connection with any hearing to determine the  
7 appropriate amount of civil penalties, Phillips shall not raise as a defense that he is  
8 not liable for the payment of such civil penalties because he did not violate one or more  
9 of the provisions of the Securities Act or Exchange Act and rules thereunder set forth  
10 in the Judgment.

11 VI.

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

16 VII.

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

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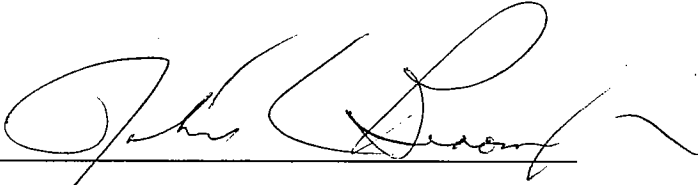
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\* \* \* \* \*

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 3<sup>rd</sup> day of Nov 1997

  
United States District Judge

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