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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 STEVEN
ROBERT SHOOP

Plaintiff Securities and Exchange Commission ("Commission"), having filed and served upon Defendant Steven Robert Shoop ("Shoop"), a Summons and Complaint in this matter and Shoop, 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 Steven Robert Shoop ("Judgment") without admitting or

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

6 I.

7 IT IS HEREBY ORDERED, ADJUDGED AND DECREED that Shoop 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:

- 12 A. making use of any means or instruments of transportation or
13 communication in interstate commerce or of the mails to sell the securities
14 of any issuer through the use or medium of any prospectus or otherwise,
15 unless and until a registration statement is in effect as to such securities;
- 16 B. carrying or causing to be carried through the mails or in interstate
17 commerce, by any means or instruments of transportation, for the purpose
18 of sale or for delivery after sale, the securities of an issuer, unless and
19 until a registration statement is in effect as to such securities; and
- 20 C. making use of any means or instruments of transportation or
21 communication in interstate commerce or of the mails to offer to sell or
22 offer to buy, through the use or medium of any prospectus or otherwise,
23 the securities of any issuer, unless and until a registration statement has
24 been filed with the Commission as to such securities, or while a
25 registration statement as to such securities is the subject of a refusal
26 order or stop order of (prior to the effective date of the registration
27 statement) any public proceeding or examination under Section 8 of the
28 Securities Act of 1933 ("Securities Act") [15 U.S.C. § 77h];

1 in violation of Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and
2 77e(c)]; provided, however, that nothing in Part I of this Judgment shall apply to any
3 security or transaction which is exempt from the provisions of Section 5 of the
4 Securities Act [15 U.S.C. § 77e].

5 II.

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

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

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

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

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

21 III.

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

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

- 1 B. making any untrue statement of a material fact or omitting to state a
2 material fact necessary in order to make the statements made, in the light
3 of the circumstances under which they were made, not misleading; or
4 C. engaging in any act, practice, or course of business which operates or
5 would operate as a fraud or deceit upon any person, in connection with
6 the purchase or sale of any security;

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

9 IV.

10 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Shoop shall
11 provide all documents in his possession, custody or control to the Commission and
12 disclose under oath all information with respect to his activities and the activities of
13 others about which the Commission or its staff may inquire or request. Such
14 production of documents and disclosure of information by Shoop shall be made upon
15 reasonable notice in writing and without the service of a subpoena and subject only to
16 the good faith assertion of any privileges recognizable pursuant to the provisions of
17 Rule 501 of the Federal Rules of Evidence or the United States Constitution and
18 amendments thereto.

19 V.

20 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that sections I. and
21 II. of the Temporary Restraining Order: (1) Freezing Assets and (2) For An Accounting;
22 And For Order To Show Cause Why A Preliminary Injunction Should Not Be Granted
23 Thereon Against Defendants Anthony Ghirardello Marriott and Steven Robert Shoop,
24 entered by the Court on May 5, 1997, and subsequent orders dated May 16, 1997, and
25 June 4, 1997, extending these sections of the temporary restraining order against
26 Shoop, shall remain in full force and effect until further ordered by the Court.

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1 VI.

2 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that Shoop shall
3 pay disgorgement in an amount subsequently to be determined by the Court. Shoop
4 shall further pay prejudgment interest on the amount of disgorgement. The
5 prejudgment interest shall be calculated using the Internal Revenue Service rate of
6 interest on tax underpayments and refunds. In connection with any hearing to
7 determine the appropriate amount of disgorgement, Shoop shall not raise as a defense
8 that he is not liable for the payment of such disgorgement because he did not violate
9 one or more of the provisions of the Securities Act or Exchange Act and rules
10 thereunder set forth in the Judgment.

11 VII.

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

20 VIII.

21 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the provisions
22 of the Consent filed concurrently with this Judgment are incorporated herein with the
23 same force and effect as if fully set forth herein and that Shoop shall comply with his
24 Consent.

25 IX.

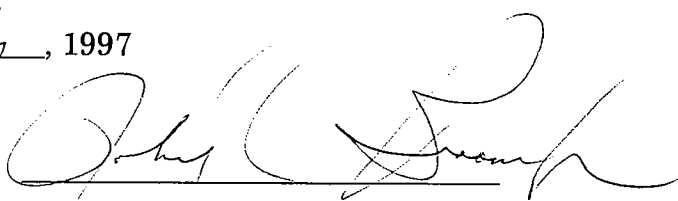
26 IT IS FURTHER ORDERED, ADJUDGED AND DECREED that this Court
27 shall retain jurisdiction over this action for all purposes including determining the
28 liability of any remaining defendants in this action, implementing and carrying out the

1 terms of the Judgment and all other orders and decrees which have been and may be
2 entered herein, to resolve the Commission's pending claims for disgorgement,
3 prejudgment interest and civil penalties as appropriate, to entertain any suitable
4 application or motion for additional relief within the jurisdiction of this Court, and to
5 grant such other relief as the Court may deem necessary and just.

6 * * * * *

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

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11 DATED this 11 day of July, 1997



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14 United States District Judge

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